

Calendar No. 507

103D CONGRESS  
2D SESSION

**S. 2095**

[Report No. 103-301]

**A BILL**

To reform the Federal crop insurance program, and  
for other purposes.

JULY 1 (legislative day, JUNE 7), 1994

Reported with an amendment

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## IN THE SENATE OF THE UNITED STATES

MAY 10 (legislative day, MAY 2), 1994

Mr. LEAHY (for himself, Mr. KERREY, Mr. DURENBERGER, and Mr. DASCHLE) introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

JULY 1 (legislative day, JUNE 7), 1994

Reported by Mr. LEAHY, with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

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## A BILL

To reform the Federal crop insurance program, and for  
other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Federal Crop Insur-  
5       ance Reform Act of 1994”.

1 **SEC. 2. CROP INSURANCE AMENDMENTS.**

2 (a) Section 505(a) of title V of the Agricultural  
3 Adjustment Act of 1938 (7 U.S.C. 1505) is amended—

4 (1) by striking “the” after “Federal crop insur-  
5 ance program,” and inserting “one additional”; and

6 (2) by striking “responsible for the farm credit  
7 programs of the Department of Agriculture” and in-  
8 serting “as designated by the Secretary of Agri-  
9 culture”.

10 (b) Section 506 of title V of the Agricultural Adjust-  
11 ment Act of 1938 (7 U.S.C. 1506) is amended—

12 (1) by redesignating subsections (j), (k), (l),  
13 (m), and (n) as subsections (k), (l), (m), (n), and  
14 (o), respectively;

15 (2) by inserting after subsection (i) the follow-  
16 ing new subsection:

17 “(j) **SETTLING CLAIMS.**—The Corporation shall have  
18 the authority to make final and conclusive settlement and  
19 adjustment of any claims by or against the Corporation  
20 or the account of its fiscal officers.”;

21 (3) in subsection (1) (as redesignated), by strik-  
22 ing “contracts or agreements” each place it appears  
23 and inserting “contracts, agreements, or regula-  
24 tions”;

1           (4) in subsection (n)(1) (as redesignated), by  
2           striking paragraph (B) and inserting the following  
3           new paragraph:

4                   “(B) disqualify the person from purchasing  
5           catastrophic risk protection or receiving  
6           noninsured assistance for a period not to exceed  
7           2 years and from receiving any other benefit  
8           under this title for a period not to exceed 10  
9           years.”;

10          (5) in subsection (o) (as redesignated), by strik-  
11          ing paragraph (1) and inserting the following new  
12          paragraph:

13                 “(1) instituting appropriate requirements for  
14          documentation of the actual production history of in-  
15          sured producers to establish recorded or appraised  
16          yields for Federal crop insurance coverage that more  
17          accurately reflect the associated actuarial risk. The  
18          Corporation may not carry out this paragraph in a  
19          manner that would prevent beginning farmers, as  
20          determined by the Secretary, from obtaining Federal  
21          crop insurance.”; and

22          (6) by adding at the end thereof the following  
23          new subsections:

1       ~~“(p) REGULATIONS.—~~The Secretary and the Cor-  
 2       poration, respectively, are authorized to issue regulations  
 3       as may be necessary to carry out this title.

4       ~~“(q) SOURCE OF FUNDING.—~~There is hereby appro-  
 5       priated, without fiscal year limitation, such sums as may  
 6       be necessary to carry out the purpose of the insurance  
 7       fund.”.

8       (c) Section 507 of title V of the Agricultural Adjust-  
 9       ment Act of 1938 (7 U.S.C. 1507) is amended—

10               (1) in subsection (a), by striking “, and county  
 11       crop insurance committeemen”;

12               (2) in subsection (c), by striking the words be-  
 13       ginning with “, in which case the agent or broker”  
 14       through “the agent or broker has caused the error  
 15       or omission”; and

16               (3) in subsection (d), by replacing the comma  
 17       with a period after the words “section 516 of this  
 18       Act”, and by deleting the remainder of the sub-  
 19       section.

20       (d) Section 508 of title V of the Agricultural Adjust-  
 21       ment Act of 1938 (7 U.S.C. 1508) is amended—

22               (1) by striking subsection (a) and inserting the  
 23       following new subsection:

24       ~~“(a) AUTHORITY TO OFFER INSURANCE.—~~

1           “(1) If sufficient actuarial data are available, as  
2           determined by the Board, the Corporation may in-  
3           sure or provide reinsurance for insurers of producers  
4           of agricultural commodities grown in the United  
5           States under any plan or plans of insurance deter-  
6           mined by the Board to be adapted to the agricul-  
7           tural commodity involved. To qualify for coverage  
8           under these plans of insurance, the losses of the in-  
9           sured commodity shall be due to drought, flood or  
10          other natural disaster as determined by the Sec-  
11          retary. Except in the case of tobacco, insurance shall  
12          not extend beyond the period the insured commodity  
13          is in the field. For the purpose of the foregoing sen-  
14          tence, in the case of aquacultural species, the term  
15          ‘field’ means the environment in which the commod-  
16          ity is produced. Insurance provided under this sub-  
17          section shall not cover losses due to—

18                 “(A) the neglect or malfeasance of the pro-  
19                 ducer;

20                 “(B) the failure of the producer to reseed  
21                 to the same crop in those areas and under such  
22                 circumstances where it is customary to so re-  
23                 seed; or

1           “(C) the failure of the producer to follow  
2           good farming practices, as determined by the  
3           Corporation.”;

4           (2) by striking subsections (c), (e), (g), (l) and  
5           (n);

6           (3) by redesignating subsections (b), (d), (f),  
7           (h), (i), (j), (k), and (m) as subsections (g), (h), (i),  
8           (j), (k), (l), (m), and (n), respectively;

9           (4) by inserting after subsection (a) the follow-  
10          ing new subsections:

11         “(b) CATASTROPHIC RISK PROTECTION.—

12                 “(1) The Corporation shall offer a catastrophic  
13                 risk protection plan to indemnify producers for crop  
14                 loss due to loss of yield and prevented planting when  
15                 the producer is unable because of drought, flood or  
16                 other natural disaster, as determined by the Sec-  
17                 retary, to plant other crops for harvest on that acre-  
18                 age for that crop year.

19                 “(2) Catastrophic risk protection shall offer the  
20                 producer 50 percent loss in yield coverage, on an  
21                 area or individual yield basis, indemnified at 60 per-  
22                 cent of the expected market price or a comparable  
23                 coverage, as determined by the Corporation.

24                 “(3) Producers shall have the option of basing  
25                 their catastrophic coverage on either an individual

1       yield and loss basis or on an area yield and loss  
2       basis when both options are offered by the Corpora-  
3       tion.

4           “(4) For catastrophic risk protection, producers  
5       shall pay an administrative fee. The administrative  
6       fees shall be \$50 per crop per county, not to exceed  
7       \$100 per producer per county. The administrative  
8       fee shall be paid at the service point—the United  
9       States Department of Agriculture office or the ap-  
10      proved private insurance provider—at the time of  
11      application. This administrative fee shall be waived  
12      for limited resource farmers, as defined by the Cor-  
13      poration, or if the producer elects to purchase addi-  
14      tional protection at 65 percent or more of the re-  
15      corded or appraised average yield and 100 percent  
16      of the expected market price, or an equivalent cov-  
17      erage, offered by approved crop insurance providers.  
18      Funds collected as administrative fees shall be avail-  
19      able, subject to appropriations, for salaries and ex-  
20      penses.

21           “(5) Participation in the catastrophic risk cov-  
22      erage for any producer’s crop on any land in the  
23      county requires participation for that producer’s  
24      crop on all insurable land of the producer in the  
25      county.

1           ~~“(6) To be eligible for any price support, pro-~~  
2           ~~duction adjustment, or conservation program admin-~~  
3           ~~istered by the United States Department of Agri-~~  
4           ~~culture for any crop, or for loans under any program~~  
5           ~~of the Farmers Home Administration or any succes-~~  
6           ~~sor agency, the producer must obtain at least the~~  
7           ~~catastrophic level of insurance for all crops of eco-~~  
8           ~~nomic significance grown on all farms in the county~~  
9           ~~in which the producer has an interest, if insurance~~  
10          ~~is available in the county for those crops. The term~~  
11          ~~‘economic significance’ shall mean any crop that has~~  
12          ~~contributed, or is expected to contribute, 10 percent~~  
13          ~~or more of the total expected value of all crops~~  
14          ~~grown by the producer.~~

15          ~~“(7) The Board may limit insurance in any~~  
16          ~~county or area, or on any farm, on the basis of the~~  
17          ~~insurance risk involved.~~

18          ~~“(c) COVERAGE LEVELS GENERALLY.—~~

19          ~~“(1) The Corporation shall offer plans of insur-~~  
20          ~~ance providing levels of coverage greater than that~~  
21          ~~available under catastrophic risk protection. Produc-~~  
22          ~~ers may only purchase there other plans from ap-~~  
23          ~~proved private insurance providers, if such private~~  
24          ~~insurance is available. Nothing contained herein re-~~  
25          ~~stricts the Corporation from offering insurance if~~

1 coverage from private insurance providers is unavail-  
2 able. If the producer has already applied for cata-  
3 strophic risk protection at the United States Depart-  
4 ment of Agriculture office and elects to purchase ad-  
5 ditional coverage, the insurance file for that pro-  
6 ducer shall be transferred to the approved private  
7 insurance provider servicing the additional coverage  
8 policy and the administrative fee for the crop for  
9 which additional coverage at 65 percent or more of  
10 the recorded or appraised average yield and 100 per-  
11 cent of the expected market price, or an equivalent  
12 coverage, is obtained shall be refunded to the in-  
13 sured.

14 “(2) Producers shall have the option of pur-  
15 chasing additional coverage based on either an indi-  
16 vidual yield and loss basis or on an area yield and  
17 loss basis when both options are offered by the Cor-  
18 poration.

19 “(3) The level of coverage shall be dollar de-  
20 nominated and may be purchased at any level not to  
21 exceed 85 percent of the individual yield or 95 per-  
22 cent of the area yield, as determined by the Corpora-  
23 tion.

1           “(4) The Corporation shall establish a price  
2           level for each commodity on which insurance is of-  
3           fered that—

4                   “(A) shall not be less than the projected  
5           market price for the commodity as determined  
6           by the Corporation; or

7                   “(B) at the discretion of the Corporation,  
8           may be based on the actual market price at the  
9           time of harvest, as determined by the Corpora-  
10          tion.

11          “(5) Insurance coverage shall be made available  
12          to the producer on the basis of any price election  
13          that equals or is less than that established by the  
14          Board and the coverage shall be quoted in terms of  
15          dollars per acre: *Provided*, That the Corporation  
16          may establish minimum price elections below which  
17          levels of insurance shall not be offered.

18          “(6) For levels of coverage 65 percent or more  
19          of the recorded or appraised average yield and 100  
20          percent of the expected market price, or an equiva-  
21          lent coverage, the producer may elect to delete from  
22          the insurance coverage provided under this title cov-  
23          erage against damage caused by fire and hail, pro-  
24          vided an equivalent or greater dollar amount of cov-  
25          erage for damage caused by fire and hail is obtained

1 from a private hail/fire insurance provider. Upon  
2 written notice of such election to the company issu-  
3 ing the policy providing coverage under this title and  
4 submission of evidence of substitute coverage on the  
5 commodity insured, the producer's premium shall be  
6 reduced by an amount determined by the Corpora-  
7 tion to be actuarially appropriate, taking into ac-  
8 count the actuarial value of the remaining coverage  
9 provided by the Corporation. In no event shall the  
10 producer be given credit for an amount of premium  
11 determined to be greater than the actuarial value of  
12 the protection against losses caused by fire and hail  
13 that is included in the coverage under this title for  
14 the crop.

15 “(7) The Board may enter into agreements  
16 with any State or agency of a State under which  
17 such State or agency may pay to the approved insur-  
18 ance provider an additional premium subsidy to fur-  
19 ther reduce the portion of the premium paid by  
20 farmers in such State.

21 “(8) The Board may limit or refuse insurance  
22 in any county or area, or on any farm, on the basis  
23 of the insurance risk involved.

24 “(d) PREMIUMS.—

1           “(1) The Corporation shall fix adequate pre-  
2           miums for all its plans of insurance at such rates as  
3           the Board deems actuarially sufficient to attain an  
4           expected loss ratio of not greater than 1.1.

5           “(A) For catastrophic risk protection cov-  
6           erage, the amount of premium shall be suffi-  
7           cient to cover anticipated losses and a reason-  
8           able reserve.

9           “(B) For levels of coverage below 65 per-  
10          cent of the recorded or appraised average yield  
11          and 100 percent of the expected market price,  
12          or an equivalent coverage, but greater than cat-  
13          astrophic risk protection, the amount of pre-  
14          mium shall be sufficient to cover anticipated  
15          losses, a reasonable reserve, and an amount for  
16          operating and administrative expenses, as deter-  
17          mined by the Corporation, that is less than the  
18          amount established for coverage at 65 percent  
19          and 100 percent of the expected market price,  
20          or an equivalent coverage.

21          “(C) For levels of coverage of at least 65  
22          percent of the recorded or appraised average  
23          yield and 100 percent of the expected market  
24          price, or an equivalent coverage, the amount of  
25          premium shall be sufficient to cover anticipated

1 losses, a reasonable reserve, and an amount to  
 2 pay the operating and administrative expenses  
 3 as determined by the Corporation on an indus-  
 4 try-wide basis as a percent of the total pre-  
 5 mium.

6 “(2) For the purpose of encouraging the broad-  
 7 est possible participation, the Corporation shall pay  
 8 a part of the premium equivalent to—

9 “(A) for catastrophic risk protection cov-  
 10 erage, an amount equal to the premium estab-  
 11 lished in paragraph (1)(A) of this section;

12 “(B) for levels of coverage below 65 per-  
 13 cent of the recorded or appraised average yield  
 14 and 100 percent of the expected market price  
 15 or an equivalent coverage, but greater than cat-  
 16 astrophic risk protection, the amount of pre-  
 17 mium established for catastrophic risk protec-  
 18 tion coverage, a reasonable reserve, plus the  
 19 amount of operating and administrative ex-  
 20 penses established in paragraph (1)(B) of this  
 21 section; and

22 “(C) for levels of coverage at or greater  
 23 than 65 percent of the recorded and appraised  
 24 yield and 100 percent of the expected market  
 25 price, or an equivalent coverage, on an individ-

1           ual or area basis, an amount equal to the pre-  
 2           mium established for 50 percent loss in yield in-  
 3           demnified at 75 percent of the expected market  
 4           price, a reasonable reserve, plus the amount of  
 5           operating and administrative expenses estab-  
 6           lished in paragraph (1)(C) of this section.

7           “(3) If a private insurance provider determines  
 8           that it may provide insurance more efficiently than  
 9           the expense reimbursement amount set by the Cor-  
 10          poration, the private insurance provider, if approved  
 11          by the Board, may reduce the premium charged the  
 12          insured by the amount of such efficiency. Any such  
 13          reductions shall be subject to the rules, limitations,  
 14          and procedures established by the Corporation.

15          “(e) ELIGIBILITY.—To participate in catastrophic  
 16          risk protection coverage under this title, producers may  
 17          make application at the local United States Department  
 18          of Agriculture office or to an approved private crop insur-  
 19          ance provider. For all coverages, producers shall be re-  
 20          quired to—

21               “(1) purchase crop insurance on or before the  
 22               sales closing date for the crop by providing the re-  
 23               quired information and executing the required docu-  
 24               ments. Such sales closing date shall be established  
 25               by the Corporation to maximize convenience to pro-

1       ducers in obtaining benefits under price and produc-  
 2       tion adjustment programs of the Department when-  
 3       ever feasible; however, the Corporation will establish  
 4       all sales closing dates to assure that the goal of ac-  
 5       tual soundness for the crop insurance program is  
 6       met;

7           “(2) provide records, acceptable to the Corpora-  
 8       tion, of previous acreage and production or accept a  
 9       Corporation determined yield; and

10          “(3) report acreage planted and prevented from  
 11       planting by the designated acreage reporting date  
 12       for that crop and location as established by the Cor-  
 13       poration.

14       “(f) YIELD DETERMINATIONS.—

15           “(1) IN GENERAL.—The Corporation shall im-  
 16       plement crop insurance underwriting rules that en-  
 17       sure that yield coverage, as specified in subsection  
 18       (f)(2) of this section, is provided to all producers  
 19       participating in the Federal crop insurance program.

20           “(2) YIELD COVERAGE PLANS.—

21           “(A) ACTUAL PRODUCTION HISTORY.—

22                   “(i) This plan uses the producer’s ac-  
 23                   tual production history for the 4 previous  
 24                   consecutive crop years without penalty, up  
 25                   to a production data base of 10 consecutive

1 years, subject to paragraph (ii), to deter-  
2 mine yield coverage.

3 “(ii) If the producer does not submit  
4 adequate documentation of history for a  
5 crop, the producer shall be assigned, as the  
6 producer’s farm program yield, not less  
7 than 65 percent of the transitional yield of  
8 the producer (adjusted to reflect actual  
9 production reflected in the records accept-  
10 able to the Corporation for continuous  
11 years), as specified in regulations issued by  
12 the Corporation based on production his-  
13 tory requirements.

14 “(B) AREA YIELD.—The Corporation may  
15 offer a crop insurance plan based on an area  
16 yield that allows an insured producer to qualify  
17 for an indemnity if a loss has occurred in an  
18 area, as specified by the Corporation, in which  
19 the farm of the producer is located. Under an  
20 area yield plan, an insured producer shall be al-  
21 lowed to select the level of area production at  
22 which an indemnity will be paid consistent with  
23 the terms and conditions established by the  
24 Corporation.

1           ~~“(C) COMMODITY-BY-COMMODITY BASIS.—~~

2           A producer may choose between either individ-  
3           ual yield or area yield coverage, where available,  
4           on a commodity-by-commodity basis.

5           ~~“(D) NOTICE.—The Corporation shall en-~~  
6           ~~sure that, whenever the yield coverage provi-~~  
7           ~~sions of this section are effective, producers are~~  
8           ~~given adequate notice of such provisions in ad-~~  
9           ~~vance of the crop insurance application period~~  
10          ~~for the crops to which such provisions first will~~  
11          ~~apply.”;~~

12          ~~(5) in subsection (g) (as redesignated)—~~

13                 (A) in paragraph (1), by striking “(a)”  
14                 and inserting “(c)”;

15                 (B) by striking paragraph (2) and insert-  
16                 ing the following new paragraph:

17                 ~~“(2) PREPARATION OF POLICIES.—A policy or~~  
18                 other material submitted to the Board under this  
19                 subsection may be prepared without regard to the  
20                 limitations contained in this title, including the re-  
21                 quirements concerning the levels of coverage and  
22                 rates and the requirement that a price level for each  
23                 commodity insured must equal the projected market  
24                 price for the commodity as established by the Board.  
25                 Such policy may only be subsidized at an amount

equivalent to coverage that is authorized under this title.”;

(C) in paragraph (3)—

(i) by striking “taking into consideration the risks covered by the policy or other material”;

(ii) by inserting after “more than one reinsurance agreement” the words “with the private insurance provider”; and

(iii) by striking title “V” and inserting “title 5”; and

(D) by striking paragraph (4) and inserting the following new paragraph:

“(4) REQUIRED PUBLICATION.—Any policies, provisions of policies, and rates approved under this subsection shall be published as a notice in the Federal Register and made available to all persons contracting with or reinsured by the Corporation under the same terms and conditions as between the Corporation and the submitting person.”;

(6) by striking subsection (i) (as redesignated) and inserting the following new subsection:

“(i) CLAIMS FOR LOSSES.—The Corporation may provide for adjustment and payment of claims for losses as provided under subsection (a) of this section under

1 rules prescribed by the Board. The rules prescribed by the  
 2 Board shall establish standards to ensure that all claims  
 3 for losses are adjusted, to the extent practicable, in a uni-  
 4 form and timely manner. If any claim for indemnity is  
 5 denied by the Corporation, an action on such claim may  
 6 be brought against the Corporation and the insurance pro-  
 7 vider in the United States district court for the district  
 8 in which the insured farm is located: *Provided*, That no  
 9 suit on such claim may be allowed under this section un-  
 10 less it shall have been brought within one year after the  
 11 date when written notice of denial of the claim is provided  
 12 to the claimant.”;

13 (7) by striking subsection (j) (as redesignated)  
 14 and inserting the following new subsection:

15 “(j) REINSURANCE.—Notwithstanding any other pro-  
 16 vision of this title, the Corporation is directed, to the maxi-  
 17 mum extent practicable, to provide reinsurance upon such  
 18 terms and conditions as the Board may determine to be  
 19 consistent with subsections (b) and (c) of this section and  
 20 sound reinsurance principles to insurers, as defined by the  
 21 Corporation, that insure producers of any agricultural  
 22 commodity under a plan or plans acceptable to the Cor-  
 23 poration. The Corporation’s reinsurance agreements with  
 24 the reinsured companies shall require the reinsured com-  
 25 panies to bear a sufficient share of any potential loss

1 under such agreement so as to ensure that the reinsured  
 2 company will sell and service policies of insurance in a  
 3 sound and prudent manner, taking into consideration the  
 4 availability of private reinsurance.”;

5 (8) in subsection (k) (as redesignated), by strik-  
 6 ing “provide” after “The Corporation may” and in-  
 7 serting “offer plans of”; and

8 (9) by striking subsection (n) (as redesignated)  
 9 and inserting the following new subsection:

10 “(n) INFORMATION COLLECTION ON CROP INSUR-  
 11 ANCE.—The Corporation shall make available to produc-  
 12 ers through local offices of the Department of Agri-  
 13 culture—

14 “(1) current and complete information on all  
 15 aspects of Federal crop insurance; and

16 “(2) a listing of insurance agents.”.

17 (e) Section 508A of title V of the Agricultural Adjust-  
 18 ment Act of 1938 (7 U.S.C. 1508A) is repealed.

19 (f) Section 511 of title V of the Agricultural Adjust-  
 20 ment Act of 1938 (7 U.S.C. 1511) is amended by inserting  
 21 “its contracts of insurance and premium thereon, whether  
 22 insured directly or reinsured by the Corporation,” after  
 23 “The Corporation, including”.

1       (g) Title V of the Agricultural Adjustment Act of  
 2 1938 is amended by striking section 516 and inserting the  
 3 following new section:

4 **~~“SEC. 516. AUTHORIZATION OF APPROPRIATIONS.~~**

5       ~~“(a) APPROPRIATIONS.—There are hereby authorized~~  
 6 ~~to be appropriated such sums as may be necessary, includ-~~  
 7 ~~ing funds collected as administrative fees, to cover the ad-~~  
 8 ~~ministrative and operating expenses of the Corporation.~~

9       ~~“(b) INSURANCE FUND.—There shall be established~~  
 10 ~~an insurance fund for deposit of premium income, income~~  
 11 ~~from reinsurance operations, and appropriations provided~~  
 12 ~~by this Act. The Corporation will pay amounts due under~~  
 13 ~~its reinsurance agreements with private insurance provid-~~  
 14 ~~ers, including premium subsidies, from the fund.”.~~

15       (h) Title V of the Agricultural Adjustment Act of  
 16 1938 is amended by striking section 520 and inserting the  
 17 following new section:

18 **~~“SEC. 520. PRODUCER ELIGIBILITY.~~**

19       ~~“Except as otherwise provided in this title, no pro-~~  
 20 ~~ducer shall be denied insurance under this title if—~~

21               ~~“(1) for purposes of catastrophic risk protection~~  
 22               ~~coverage, the producer meets the definition of per-~~  
 23               ~~son, as defined by the Secretary; and~~

24               ~~“(2) for purposes of any other plan of insur-~~  
 25               ~~ance, the producer is eighteen years of age and has~~

1 a bona fide insurable interest in a crop as an owner-  
 2 operator, landlord, tenant, or sharecropper.”.

3 **SEC. 3. ADVISORY COMMITTEE.**

4 Title V of the Agricultural Adjustment Act of 1938  
 5 is amended by adding the following new section:

6 **“SEC. 521. ADVISORY COMMITTEE FOR FEDERAL CROP IN-**  
 7 **SURANCE.**

8 “(a) ESTABLISHMENT.—The Secretary may establish  
 9 within the Department of Agriculture a committee to be  
 10 known as the Advisory Committee for Federal Crop Insur-  
 11 ance which shall remain in existence until September 30,  
 12 1998.

13 “(b) MEMBERSHIP.—The Advisory Committee shall  
 14 be composed of the Manager of the Corporation, the Sec-  
 15 retary or his designee, and not less than ten representa-  
 16 tives of organizations or agencies involved with the Fed-  
 17 eral crop insurance program, which may include the fol-  
 18 lowing: insurance companies; insurance agents; farm pro-  
 19 ducer organizations; experts on agronomic practices; and  
 20 banking and lending institutions.

21 “(c) ADMINISTRATIVE PROVISIONS.—

22 “(1) TERMS.—Members of the Advisory Com-  
 23 mittee shall be appointed by the Secretary for a  
 24 term of up to two years from nominations made by

1 the participating organizations. The terms of the  
2 members shall be staggered.

3 ~~“(2) CHAIRPERSON.—The Advisory Committee~~  
4 ~~shall be chaired by the Manager of the Corporation.~~

5 ~~“(3) MEETINGS.—The Advisory Committee~~  
6 ~~shall meet at least annually. The meetings of the~~  
7 ~~Advisory Committee shall be publicly announced in~~  
8 ~~advance and shall be open to the public. Appropriate~~  
9 ~~records of the activities of the Advisory Committee~~  
10 ~~shall be kept and made available to the public on re-~~  
11 ~~quest.~~

12 ~~“(d) PRIMARY RESPONSIBILITY.—The primary re-~~  
13 ~~sponsibility of the Advisory Committee shall be to advise~~  
14 ~~the Secretary on the implementation of this title and on~~  
15 ~~other issues related to crop insurance, as determined by~~  
16 ~~the Manager.~~

17 ~~“(e) REPORTS.—Not later than June 30 of each year,~~  
18 ~~the Advisory Committee shall prepare, and submit to the~~  
19 ~~Secretary, a report specifying its conclusions on—~~

20 ~~“(1) the progress toward implementation of the~~  
21 ~~provisions of this title;~~

22 ~~“(2) the actuarial soundness of the Federal~~  
23 ~~crop insurance program; and~~

24 ~~“(3) the rate of participation in both the cata-~~  
25 ~~strophic and the additional coverage programs.”.~~

1 **SEC. 4. NONINSURED ASSISTANCE.**

2 Title V of the Agricultural Adjustment Act of 1938  
3 is amended by adding the following new section:

4 **~~“SEC. 522. NONINSURED ASSISTANCE PROGRAM.~~**

5 ~~“(a) ELIGIBILITY.—~~

6 ~~“(1) A noninsured assistance program is estab-~~  
7 ~~lished to provide coverage equivalent to the cata-~~  
8 ~~strophic risk protection insurance for crops for~~  
9 ~~which catastrophic risk protection insurance is not~~  
10 ~~available. Crops covered include all commercial crops~~  
11 ~~and commodities for which catastrophic risk protec-~~  
12 ~~tion coverage is not available and that are produced~~  
13 ~~for food or fiber on a commercial basis but shall not~~  
14 ~~include livestock. Noninsured assistance shall not~~  
15 ~~cover losses due to—~~

16 ~~“(A) the neglect or malfeasance of the pro-~~  
17 ~~ducer;~~

18 ~~“(B) the failure of the producer to reseed~~  
19 ~~to the same crop in those areas and under such~~  
20 ~~circumstances where it is customary to so re-~~  
21 ~~seed; or~~

22 ~~“(C) the failure of the producer to follow~~  
23 ~~good farming practices, as determined by the~~  
24 ~~Corporation.~~

1           “(2) Producers shall make a timely application  
2           for noninsured assistance at the United States De-  
3           partment of Agriculture office.

4           “(3) Producers shall provide records, acceptable  
5           to the Corporation, of previous crop acreage and  
6           production or the producers shall accept a yield as  
7           determined by the Corporation.

8           “(4) Producers shall report acreage planted and  
9           prevented from being planted by the designated  
10          acreage reporting date for that crop and location as  
11          established by the Corporation.

12          “(5) Producers of non-program crops shall not  
13          be eligible for noninsured assistance unless the area,  
14          as determined by the Corporation, average yield, or  
15          an equivalent measure in the event yield data are  
16          not available, for that crop falls below 65 percent of  
17          the expected area yield as established by the Cor-  
18          poration.

19          “(6) The Corporation shall make a prevented  
20          planting noninsured assistance payment if the pro-  
21          ducer is prevented from planting more than 35 per-  
22          cent of the acreage intended for the crop because of  
23          drought, flood, or other natural disaster as deter-  
24          mined by the Secretary.

1           ~~“(7) If, because of drought, flood, or other nat-~~  
 2           ~~ural disaster as determined by the Secretary, the~~  
 3           ~~total quantity of the crop that a producer is able to~~  
 4           ~~harvest on any farm is less than 50 percent of the~~  
 5           ~~expected area yield for the crop, as determined by~~  
 6           ~~the Corporation, factored for the producer’s interest~~  
 7           ~~for the crop, the Corporation shall make a reduced~~  
 8           ~~yield noninsured assistance payment.~~

9           ~~“(8) A person who has qualifying gross reve-~~  
 10           ~~nues in excess of \$2,000,000 annually, as deter-~~  
 11           ~~mined by the Secretary, shall not be eligible to re-~~  
 12           ~~ceive any noninsured assistance payments. For pur-~~  
 13           ~~poses of this section, the term ‘qualifying gross reve-~~  
 14           ~~nues’ means—~~

15                 ~~“(A) if a majority of the person’s gross~~  
 16                  ~~revenue is received from farming, ranching, and~~  
 17                  ~~forestry operations, the gross revenue from the~~  
 18                  ~~person’s farming, ranching, and forestry oper-~~  
 19                  ~~ations; and~~

20                 ~~“(B) if less than a majority of the person’s~~  
 21                  ~~gross revenue is received from farming, ranch-~~  
 22                  ~~ing, and forestry operations, the person’s gross~~  
 23                  ~~revenue from all sources.~~

24          ~~“(b) PAYMENT RATE.—If the producer is eligible for~~  
 25           ~~noninsured assistance, payments shall be made for losses~~

1 in excess of 50 percent of the established yield for the crop  
2 at 60 percent of the average market price for that crop  
3 or any comparable coverage as determined by the Corpora-  
4 tion.

5 “(c) FARM YIELDS.—

6 “(1) The Corporation shall establish noninsured  
7 assistance program farm yields for crops for the  
8 purposes of this section.

9 “(2) If the producer can provide satisfactory  
10 evidence of the producer’s actual production history  
11 for the four previous consecutive crop years, up to  
12 a production data base of ten consecutive crop years,  
13 the yield of the farm shall be based on such proven  
14 yield.

15 “(3) If the producer does not submit adequate  
16 documentation of such history for the crop, the pro-  
17 ducer shall be assigned as the producer’s farm pro-  
18 gram yield not less than 65 percent of the transi-  
19 tional yield (adjusted to reflect actual experience), as  
20 specified in regulations issued by the Corporation  
21 based on production history requirements.

22 “(d) PAYMENT OF LOSSES.—Payments for  
23 noninsured assistance losses under this section shall be  
24 made from the insurance fund and shall be reimbursed  
25 from appropriations provided under this Act. Such losses

1 shall not be included in calculating the premiums charged  
2 to producers for insurance.

3 ~~“(e) PAYMENT LIMITATIONS.—~~

4 ~~“(1) The total amount of payments that a per-~~  
5 ~~son shall be entitled to receive annually under this~~  
6 ~~section may not exceed \$100,000.~~

7 ~~“(2) The Corporation shall issue regulations de-~~  
8 ~~fining the term ‘person’ that shall conform, to the~~  
9 ~~extent practicable, to the regulations defining ‘per-~~  
10 ~~son’ issued under section 1001 of the Food Security~~  
11 ~~Act of 1985 (7 U.S.C. 1308).”.~~

12 **SEC. 5. CONFORMING AMENDMENTS.**

13 (a) The Agricultural Act of 1949 is amended—

14 (1) in section 101B (7 U.S.C. 1441–2)—

15 (A) by striking subsection (c)(1)(F); and

16 (B) in subsection (c) by striking paragraph

17 (2) and inserting in lieu thereof the following:

18 ~~“(2) CROP INSURANCE REQUIREMENT.—As a~~  
19 ~~condition of receiving any benefits (including pay-~~  
20 ~~ments) under this section, the producer must, if of-~~  
21 ~~fered by the Federal Crop Insurance Corporation,~~  
22 ~~obtain at least the catastrophic risk protection insur-~~  
23 ~~ance coverage for the crop and crop year in which~~  
24 ~~the benefit is sought.”;~~

1           ~~(2)~~ in section 103(h) ~~(7 U.S.C. 1444)~~, by add-  
 2           ing at the end the following new paragraph:

3           ~~“(17) As a condition of receiving any benefits~~  
 4           ~~(including payments) under this section, the pro-~~  
 5           ~~ducer must, if offered by the Federal Crop Insur-~~  
 6           ~~ance Corporation, obtain at least the catastrophic~~  
 7           ~~risk protection insurance coverage for the crop and~~  
 8           ~~crop year in which the benefit is sought.”;~~

9           ~~(3) in section 103B (7 U.S.C. 1444-2)—~~

10           ~~(A) by striking subsection (c)(1)(F); and~~

11           ~~(B) in subsection (c) by striking paragraph~~  
 12           ~~(2) and inserting in lieu thereof the following:~~

13           ~~“(2) CROP INSURANCE REQUIREMENT.—As a~~  
 14           ~~condition of receiving any benefits (including pay-~~  
 15           ~~ments) under this section, the producer must, if of-~~  
 16           ~~fered by the Federal Crop Insurance Corporation,~~  
 17           ~~obtain at least the catastrophic risk protection insur-~~  
 18           ~~ance coverage for the crop and crop year in which~~  
 19           ~~the benefit is sought.”;~~

20           ~~(4) in section 105B (7 U.S.C. 1444f)—~~

21           ~~(A) by striking subsection (c)(1)(G); and~~

22           ~~(B) in subsection (c) by striking paragraph~~  
 23           ~~(2) and inserting in lieu thereof the following:~~

24           ~~“(2) CROP INSURANCE REQUIREMENT.—As a~~  
 25           ~~condition of receiving any benefits (including pay-~~

1       ments) under this section, the producer must, if of-  
 2       ferred by the Federal Crop Insurance Corporation,  
 3       obtain at least the catastrophic risk protection insur-  
 4       ance coverage for the crop and crop year in which  
 5       the benefit is sought.”;

6               (5) in section 107B (7 U.S.C. 1444b-3a)—

7                       (A) by striking subsection (c)(1)(G); and

8                       (B) in subsection (c) by striking paragraph  
 9       (2) and inserting in lieu thereof the following:

10       “(2) CROP INSURANCE REQUIREMENT.—As a  
 11       condition of receiving any benefits (including pay-  
 12       ments) under this section, the producer must, if of-  
 13       ferred by the Federal Crop Insurance Corporation,  
 14       obtain at least the catastrophic risk protection insur-  
 15       ance coverage for the crop and crop year in which  
 16       the benefit is sought.”;

17               (6) in section 108B (7 U.S.C. 1445c-3), by  
 18       adding at the end the following new subsection:

19       “(i) CROP INSURANCE REQUIREMENT.—As a condi-  
 20       tion of receiving any benefits (including payments) under  
 21       this section, the producer must, if offered by the Federal  
 22       Crop Insurance Corporation, obtain at least the cata-  
 23       strophic risk protection insurance coverage for the crop  
 24       and crop year in which the benefit is sought.”;

1           (7) in section 205 (7 U.S.C. 1446f), by adding  
2           at the end the following new subsection:

3           ~~“(o) CROP INSURANCE REQUIREMENT.—As a condi-~~  
4           ~~tion of receiving any benefits (including payments) under~~  
5           ~~this section, the producer must, if offered by the Federal~~  
6           ~~Crop Insurance Corporation, obtain at least the cata-~~  
7           ~~strophic risk protection insurance coverage for the crop~~  
8           ~~and crop year in which the benefit is sought.”;~~

9           (8) in section 206 (7 U.S.C. 1446g), by adding  
10          at the end the following new subsection:

11          ~~“(k) CROP INSURANCE REQUIREMENT.—As a condi-~~  
12          ~~tion of receiving any benefits under this section, the pro-~~  
13          ~~ducer must, if offered by the Federal Crop Insurance Cor-~~  
14          ~~poration, obtain at least the catastrophic risk protection~~  
15          ~~insurance coverage for the crop and crop year in which~~  
16          ~~the benefit is sought.”;~~

17          (9) in section 207 (7 U.S.C. 1446h), by adding  
18          at the end the following new subsection:

19          ~~“(k) CROP INSURANCE REQUIREMENT.—As a condi-~~  
20          ~~tion of receiving any benefits (including payments) under~~  
21          ~~this section, the producer must, if offered by the Federal~~  
22          ~~Corp Insurance Corporation, obtain at least the cata-~~  
23          ~~strophic risk protection insurance coverage for the crop~~  
24          ~~and crop year in which the benefit is sought.”; and~~

25          (10) by repealing section 208 (7 U.S.C. 1446i).

1       ~~(b) FARMERS HOME ADMINISTRATION PROGRAMS.—~~

2       The Consolidated Farm and Rural Development Act (7  
3       U.S.C. 1921 et seq.) is amended by adding at the end  
4       the following new section:

5       **~~“SEC. 371. CROP INSURANCE REQUIREMENT.~~**

6       ~~“(a) IN GENERAL.—As a condition of obtaining any~~  
7       ~~benefit (including a direct loan, loan guarantee, or pay-~~  
8       ~~ment) described in subsection (b), a borrower must obtain~~  
9       ~~at least catastrophic risk protection insurance coverage~~  
10       ~~under section 508 of the Federal Crop Insurance Act (7~~  
11       ~~U.S.C. 1508) for the crop and crop year for which the~~  
12       ~~benefit is sought, if the coverage is offered by the Sec-~~  
13       ~~retary.~~

14       ~~“(b) APPLICABLE BENEFITS.—Subsection (a) shall~~  
15       ~~apply to—~~

16               ~~“(1) a farm ownership loan (FO) under section~~  
17       ~~303;~~

18               ~~“(2) an operating loan (OL) under section 312;~~

19       ~~and~~

20               ~~“(3) an emergency loan (EM) under section~~  
21       ~~321.”.~~

22       ~~(c) The Food, Agriculture, Conservation, and Trade~~  
23       ~~Act of 1990 is amended by striking chapters 1, 2, and~~  
24       ~~3 of subtitle B of title XXII.~~

1       ~~(d) Section 251(b)(2)(D) of the Balanced Budget and~~  
 2       ~~Emergency Deficit Control Act of 1985 (2 U.S.C.~~  
 3       ~~901(b)(2)(D))~~, is amended effective July 1, 1995, by strik-  
 4       ing subparagraph (i) and inserting the following new sub-  
 5       paragraph:

6       “(i) If, for any fiscal year, appropriations for discre-  
 7       tionary accounts are enacted that the President designates  
 8       as emergency requirements and that Congress so des-  
 9       ignates in statute, the adjustment shall be the total of  
 10      such appropriations in discretionary accounts designated  
 11      as emergency requirements and the outlays flowing in all  
 12      years from such appropriations: *Provided*, That this provi-  
 13      sion shall not apply to appropriations to cover agricultural  
 14      crop disaster assistance.”.

15   **SEC. 6. EFFECTIVE DATE.**

16      Except as otherwise specifically provided in section  
 17      5(c), this Act shall become effective beginning with the  
 18      crop year immediately following the date of enactment.

19   **SECTION 1. SHORT TITLE; TABLE OF CONTENTS; REF-**  
 20       **ERENCES.**

21      (a) *SHORT TITLE.*—This Act may be cited as the  
 22      “Federal Crop Insurance Reform Act of 1994”.

23      (b) *TABLE OF CONTENTS.*—The table of contents of this  
 24      Act is as follows:

*Sec. 1. Short title; table of contents; references.*

TITLE I—CATASTROPHIC RISK AND ADDITIONAL COVERAGE  
INSURANCE

- Sec. 101. Authority to offer insurance.*
- Sec. 102. Catastrophic risk protection.*
- Sec. 103. General coverage levels.*
- Sec. 104. Premiums.*
- Sec. 105. Eligibility.*
- Sec. 106. Yield determinations.*
- Sec. 107. Insurance policies.*
- Sec. 108. Claims for losses.*
- Sec. 109. Reinsurance.*
- Sec. 110. Funding.*
- Sec. 111. Advisory Committee for Federal Crop Insurance.*
- Sec. 112. Management of Corporation.*

TITLE II—NONINSURED ASSISTANCE PROGRAM

- Sec. 201. Noninsured assistance program.*
- Sec. 202. Payment and income limitations.*

TITLE III—MISCELLANEOUS

- Sec. 301. Ineligibility for catastrophic risk and noninsured assistance payments.*
- Sec. 302. Prevented planting.*
- Sec. 303. Conforming amendments.*
- Sec. 304. Effective dates.*
- Sec. 305. Termination of authority.*

1       (c) REFERENCES TO FEDERAL CROP INSURANCE  
2    ACT.—Except as otherwise expressly provided, whenever in  
3    this Act an amendment or repeal is expressed in terms of  
4    an amendment to, or repeal of, a section or other provision,  
5    the reference shall be considered to be made to a section or  
6    other provision of the Federal Crop Insurance Act (7 U.S.C.  
7    1501 et seq.).

8    **TITLE I—CATASTROPHIC RISK**  
9       **AND ADDITIONAL COVERAGE**  
10    **INSURANCE**

11   **SEC. 101. AUTHORITY TO OFFER INSURANCE.**

12       Section 508 (7 U.S.C. 1508) is amended—

1           (1) *by striking subsection (a) and inserting the*  
 2           *following new subsection:*

3           “(a) *AUTHORITY TO OFFER INSURANCE.—*

4           “(1) *IN GENERAL.—If sufficient actuarial data*  
 5           *are available (as determined by the Corporation), the*  
 6           *Corporation may insure, or provide reinsurance for*  
 7           *insurers of, producers of agricultural commodities*  
 8           *grown in the United States under 1 or more plans of*  
 9           *insurance determined by the Corporation to be adapt-*  
 10          *ed to the agricultural commodity concerned. To qual-*  
 11          *ify for coverage under a plan of insurance, the losses*  
 12          *of the insured commodity shall be due to drought,*  
 13          *flood, or other natural disaster (as determined by the*  
 14          *Secretary).*

15          “(2) *PERIOD.—Except in the cases of tobacco*  
 16          *and potatoes, insurance shall not extend beyond the*  
 17          *period during which the insured commodity is in the*  
 18          *field. As used in the preceding sentence, in the case*  
 19          *of aquacultural species, the term ‘field’ means the en-*  
 20          *vironment in which the commodity is produced.*

21          “(3) *EXCLUSIONS.—Insurance provided under*  
 22          *this subsection shall not cover losses due to—*

23                  “(A) *the neglect or malfeasance of the pro-*  
 24                  *ducer;*

1           “(B) the failure of the producer to reseed to  
2           the same crop in such areas and under such cir-  
3           cumstances as it is customary to so reseed; or

4           “(C) the failure of the producer to follow  
5           good farming practices (as determined by the  
6           Secretary).”;

7           (2) by striking subsections (c), (e), (g), (l), and  
8           (n); and

9           (3) by redesignating subsections (b), (d), (f), (h),  
10          (i), (j), (k), and (m) as subsections (g) through (n),  
11          respectively.

12   **SEC. 102. CATASTROPHIC RISK PROTECTION.**

13          Section 508 (7 U.S.C. 1508) (as amended by section  
14   101) is further amended by inserting after subsection (a)  
15   the following new subsection:

16          “(b) CATASTROPHIC RISK PROTECTION.—

17               “(1) IN GENERAL.—The Corporation shall offer a  
18          catastrophic risk protection plan to indemnify pro-  
19          ducers for crop loss due to loss of yield or prevented  
20          planting when the producer is unable, because of  
21          drought, flood, or other natural disaster (as deter-  
22          mined by the Secretary), to plant crops for harvest on  
23          the acreage for that crop year.

24               “(2) AMOUNT OF COVERAGE.—Catastrophic risk  
25          protection shall offer a producer 50 percent loss in

1     *yield coverage, on an individual yield or area yield*  
 2     *basis, indemnified at 60 percent of the expected mar-*  
 3     *ket price, or a comparable coverage (as determined by*  
 4     *the Corporation).*

5             “(3) *PAYMENT.*—A catastrophic risk payment  
 6     *may reflect a reduction that is proportionate to the*  
 7     *lack of out-of-pocket expenses associated with the fail-*  
 8     *ure to plant, grow, or harvest the crop, as determined*  
 9     *by the Corporation.*

10            “(4) *YIELD AND LOSS BASIS.*—A producer shall  
 11     *have the option of basing the catastrophic coverage of*  
 12     *the producer on an individual yield and loss basis or*  
 13     *on an area yield and loss basis, if both options are*  
 14     *offered by the Corporation.*

15            “(5) *SALE OF CATASTROPHIC RISK COVERAGE.*—

16                 “(A) *IN GENERAL.*—Catastrophic risk cov-  
 17     *erage may be offered by—*

18                     “(i) *private insurance providers, if*  
 19     *available in an area; and*

20                     “(ii) *at the option of the Secretary that*  
 21     *is based on considerations of need, local of-*  
 22     *fices of the United States Department of Ag-*  
 23     *riculture (referred to in this title as the ‘De-*  
 24     *partment’).*

1           “(B) *NEED.*—For purposes of considering  
 2           need under subparagraph (A)(ii), the Secretary  
 3           may take into account the most efficient and  
 4           cost-effective use of resources, the availability of  
 5           personnel, fairness to local producers, the needs  
 6           and convenience of local producers, and the  
 7           availability of private insurance carriers.

8           “(6) *ADMINISTRATIVE FEE.*—

9           “(A) *IN GENERAL.*—As a condition of cata-  
 10          strophic risk protection, a producer shall pay an  
 11          administrative fee. The administrative fee shall  
 12          be \$50 per crop per county, but not to exceed  
 13          \$100 per producer per county. The administra-  
 14          tive fee shall be paid at the service point, at the  
 15          local office of the Department, or to the approved  
 16          insurance provider, at the time of application.

17          “(B) *FEE WAIVERS.*—The administrative  
 18          fee shall be waived—

19                 “(i) for farmers of limited resources (as  
 20                 defined by the Corporation); or

21                 “(ii) if the producer elects to purchase  
 22                 additional protection at 65 percent or more  
 23                 of the recorded or appraised average yield  
 24                 and 100 percent of the expected market

1           *price, or an equivalent coverage, offered by*  
 2           *an approved insurance provider.*

3           “(C) *USE OF FEES COLLECTED.*—*Funds*  
 4           *collected as administrative fees shall be retained*  
 5           *by the Department or the approved insurance*  
 6           *provider for operating and administrative ex-*  
 7           *penses for the delivery of catastrophic risk pro-*  
 8           *tection policies.*

9           “(7) *PARTICIPATION REQUIREMENT.*—*A pro-*  
 10          *ducer may obtain catastrophic risk coverage for a*  
 11          *crop of the producer on land in the county only if the*  
 12          *producer obtains such coverage for the crop on all in-*  
 13          *surable land of the producer in that county.*

14          “(8) *ELIGIBILITY FOR DEPARTMENT PRO-*  
 15          *GRAMS.*—

16               “(A) *IN GENERAL.*—*To be eligible for any*  
 17               *price support or production adjustment program*  
 18               *or any benefit described in section 371 of the*  
 19               *Consolidated Farm and Rural Development Act,*  
 20               *the producer must obtain at least the cata-*  
 21               *strophic level of insurance for each crop of eco-*  
 22               *nomic significance grown on each farm in the*  
 23               *county in which the producer has an interest, if*  
 24               *insurance is available in the county for the crop.*

1           “(B) *DEFINITION OF CROP OF ECONOMIC*  
 2           *SIGNIFICANCE.*—As used in this paragraph, the  
 3           term ‘crop of economic significance’ means a  
 4           crop that has contributed, or is expected to con-  
 5           tribute, 10 percent or more of the total expected  
 6           value of all crops grown by the producer.

7           “(9) *LIMITATION DUE TO RISK.*—The Corpora-  
 8           tion may limit catastrophic risk coverage in any  
 9           county or area, or on any farm, on the basis of the  
 10          insurance risk concerned.

11          “(10) *SIMPLIFICATION.*—

12           “(A) *CATASTROPHIC RISK PROTECTION*  
 13           *PLANS.*—In developing and carrying out the  
 14           policies and procedures for a catastrophic risk  
 15           protection plan under this title, the Corporation  
 16           shall, to the maximum extent practicable, mini-  
 17           mize the paperwork required and the complexity  
 18           and costs of procedures governing applications  
 19           for, processing, and servicing of the plan for all  
 20           parties involved.

21           “(B) *OTHER PLANS.*—To the extent that the  
 22           policies and procedures developed under subpara-  
 23           graph (A) may be applied to other plans of in-  
 24           surance offered under this title without jeopard-  
 25           izing the actuarial soundness or integrity of the

1        *crop insurance program, the Corporation shall*  
 2        *apply the policies and procedures to the other*  
 3        *plans of insurance within a reasonable period of*  
 4        *time (as determined by the Corporation) after*  
 5        *the effective date of this paragraph.”.*

6    **SEC. 103. GENERAL COVERAGE LEVELS.**

7        *Section 508 (7 U.S.C. 1508) (as amended by section*  
 8        *102) is further amended by inserting after subsection (b)*  
 9        *the following new subsection:*

10        *“(c) GENERAL COVERAGE LEVELS.—*

11            *“(1) IN GENERAL.—The Corporation shall offer*  
 12        *plans of insurance that provide levels of coverage that*  
 13        *are greater than the level available under catastrophic*  
 14        *risk protection under subsection (b). A producer may*  
 15        *purchase such a plan only from an approved insur-*  
 16        *ance provider, if the private insurance is available.*  
 17        *Nothing in this paragraph restricts the Corporation*  
 18        *from offering insurance plans if coverage from private*  
 19        *insurance providers is unavailable.*

20            *“(2) TRANSFER OF INSURANCE FILES.—If a pro-*  
 21        *ducer has already applied for catastrophic risk pro-*  
 22        *tection at the local office of the Department and elects*  
 23        *to purchase additional coverage, the insurance file for*  
 24        *the crop of the producer shall be transferred to the ap-*

1     *proved insurance provider servicing the additional*  
2     *coverage crop policy.*

3             “(3) *YIELD AND LOSS BASIS.*—A producer shall  
4     *have the option of purchasing additional coverage*  
5     *based on an individual yield and loss basis or on an*  
6     *area yield and loss basis, if both options are offered*  
7     *by the Corporation.*

8             “(4) *LEVEL OF COVERAGE.*—The level of coverage  
9     *shall be dollar denominated and may be purchased at*  
10    *any level not to exceed 85 percent of the individual*  
11    *yield or 95 percent of the area yield (as determined*  
12    *by the Corporation). By the beginning of the 1996*  
13    *crop year, the Corporation shall provide producers*  
14    *with information on catastrophic risk and additional*  
15    *coverage in terms of dollar coverage (within the allow-*  
16    *able limits of coverage provided in this paragraph).*

17            “(5) *PRICE LEVEL.*—The Corporation shall es-  
18    *tablish a price level for each commodity on which in-*  
19    *surance is offered that—*

20                 “(A) *shall not be less than the projected*  
21                 *market price for the commodity (as determined*  
22                 *by the Corporation); or*

23                 “(B) *at the discretion of the Corporation,*  
24                 *may be based on the actual market price at the*

1        *time of harvest (as determined by the Corpora-*  
 2        *tion).*

3        *“(6) PRICE ELECTIONS.—*

4                *“(A) IN GENERAL.—Subject to subpara-*  
 5        *graph (B), insurance coverage shall be made*  
 6        *available to the producer on the basis of any*  
 7        *price election that equals or is less than the price*  
 8        *election established by the Corporation. The cov-*  
 9        *erage shall be quoted in terms of dollars per acre.*

10               *“(B) MINIMUM PRICE ELECTIONS.—The*  
 11        *Corporation may establish minimum price elec-*  
 12        *tions below which levels of insurance shall not be*  
 13        *offered.*

14               *“(C) WHEAT VARIETIES.—The Corporation*  
 15        *shall, over a period of time as determined prac-*  
 16        *ticable by the Corporation, offer producers dif-*  
 17        *ferent price elections for varieties of wheat, in*  
 18        *addition to the standard price election, that re-*  
 19        *flect different market prices, as determined by*  
 20        *the Corporation. The Corporation shall offer ad-*  
 21        *ditional coverage for each variety determined*  
 22        *under this subparagraph and charge a premium*  
 23        *for each variety that is actuarially sound.*

24               *“(7) SUBSTITUTE COVERAGE FOR FIRE AND*  
 25        *HAIL.—*

1           “(A) *IN GENERAL.*—For levels of coverage  
2           65 percent or more of the recorded or appraised  
3           average yield and 100 percent of the expected  
4           market price, or an equivalent coverage, the pro-  
5           ducer may elect to delete from the insurance cov-  
6           erage provided under this title coverage against  
7           damage caused by fire or hail, if an equivalent  
8           or greater dollar amount of coverage for damage  
9           caused by fire or hail is obtained from a private  
10          fire or hail insurance provider.

11          “(B) *CREDIT FOR SUBSTITUTE COV-*  
12          *ERAGE.*—On written notice of an election under  
13          subparagraph (A) to the company issuing the  
14          policy providing coverage under this title and  
15          submission of evidence of substitute coverage on  
16          the commodity insured, the premium of the pro-  
17          ducer shall be reduced by an amount determined  
18          by the Corporation to be actuarially appro-  
19          priate, taking into account the actuarial value of  
20          the remaining coverage provided by the Corpora-  
21          tion. The producer shall not be given a reduction  
22          for an amount of premium determined to be  
23          greater than the actuarial value of the protection  
24          against losses caused by fire or hail that is in-

1       cluded in the coverage under this title for the  
2       crop.

3       “(8) *STATE PREMIUM SUBSIDIES.*—The Corpora-  
4       tion may enter into agreements with any State or  
5       agency of a State under which the State or agency  
6       may pay to the approved insurance provider an addi-  
7       tional premium subsidy to further reduce the portion  
8       of the premium paid by the producers in the State.

9       “(9) *LIMITATION DUE TO RISK.*—The Corpora-  
10      tion may limit or refuse insurance in any county or  
11      area, or on any farm, on the basis of the insurance  
12      risk concerned.

13      “(10) *ADMINISTRATIVE FEE.*—

14           “(A) *IN GENERAL.*—As a condition of cov-  
15      erage that is in addition to catastrophic risk  
16      protection but less than 65 percent of the re-  
17      corded or appraised average yield and 100 per-  
18      cent of the expected market price, or an equiva-  
19      lent coverage, a producer shall pay an adminis-  
20      trative fee. The administrative fee shall be \$50  
21      per crop per county, but not to exceed \$100 per  
22      producer per county. The administrative fee  
23      shall be paid to the approved insurance provider  
24      or the Department, as applicable, at the time of  
25      application.

1           “(B) *FEE WAIVERS.*—*The administrative*  
 2           *fee shall be waived—*

3                     “(i) *for farmers of limited resources (as*  
 4                     *defined by the Corporation); or*

5                     “(ii) *if the producer elects to purchase*  
 6                     *additional protection at 65 percent or more*  
 7                     *of the recorded or appraised average yield*  
 8                     *and 100 percent of the expected market*  
 9                     *price, or an equivalent coverage, offered by*  
 10                    *an approved insurance provider.*

11           “(C) *USE OF FEES COLLECTED.*—*Funds*  
 12           *collected as administrative fees shall be retained*  
 13           *by the approved insurance provider or the De-*  
 14           *partment, as applicable, for operating and ad-*  
 15           *ministrative expenses.”.*

16   **SEC. 104. PREMIUMS.**

17           *Section 508 (7 U.S.C. 1508) (as amended by section*  
 18           *103) is further amended by inserting after subsection (c)*  
 19           *the following new subsection:*

20                     “(d) *PREMIUMS.*—

21                     “(1) *LEVELS.*—

22                     “(A) *CATASTROPHIC RISK PROTECTION.*—  
 23                     *For catastrophic risk protection coverage, the*  
 24                     *amount of premium shall be sufficient to cover*  
 25                     *anticipated losses and a reasonable reserve.*

1           “(B) *ADDITIONAL COVERAGE.*—For levels of  
2           coverage below 65 percent of the recorded or ap-  
3           praised average yield and 100 percent of the ex-  
4           pected market price, or an equivalent coverage,  
5           but greater than catastrophic risk protection cov-  
6           erage, the amount of premium shall be sufficient  
7           to cover anticipated losses, a reasonable reserve,  
8           and an amount for operating and administra-  
9           tive expenses (as determined by the Corporation)  
10          that is less than the amount established for cov-  
11          erage at 65 percent of the recorded or appraised  
12          average yield and 100 percent of the expected  
13          market price, or an equivalent coverage.

14          “(C) *HIGH COVERAGE.*—For levels of cov-  
15          erage of at least 65 percent of the recorded or ap-  
16          praised average yield and 100 percent of the ex-  
17          pected market price, or an equivalent coverage,  
18          the amount of premium shall be sufficient to  
19          cover anticipated losses, a reasonable reserve,  
20          and an amount to pay the operating and admin-  
21          istrative expenses (as determined by the Corpora-  
22          tion) on an industry-wide basis as a percentage  
23          of the total premium.

24          “(2) *PAYMENT OF PART OF PREMIUM.*—For the  
25          purpose of encouraging the broadest possible partici-

1        *pation, the Corporation shall pay a part of the pre-*  
2        *mium equivalent to—*

3                *“(A) for catastrophic risk protection cov-*  
4                *erage, an amount equal to the premium estab-*  
5                *lished under paragraph (1)(A);*

6                *“(B) for levels of coverage below 65 percent*  
7                *of the recorded and appraised average yield and*  
8                *100 percent of the expected market price, or an*  
9                *equivalent coverage, but greater than cata-*  
10               *strophic risk protection, an amount equal to the*  
11               *sum of the amount of premium established for*  
12               *catastrophic risk protection coverage and the*  
13               *amount for operating and administrative ex-*  
14               *penses established under paragraph (1)(B); and*

15               *“(C) for levels of coverage at or greater than*  
16               *65 percent of the recorded and appraised yield*  
17               *and 100 percent of the expected market price, or*  
18               *an equivalent coverage, on an individual or area*  
19               *basis, an amount equal to the sum of—*

20               *“(i) the premium established for—*

21                        *“(I) in the case of each of the*  
22                        *1995 and 1996 crop years, 50 percent*  
23                        *loss in yield indemnified at 80 percent*  
24                        *of the expected market price;*

1                   “(II) in the case of the 1997 crop  
2                   year, 50 percent loss in yield indem-  
3                   nified at 77.5 percent of the expected  
4                   market price; and

5                   “(III) in the case of the 1998 and  
6                   each subsequent crop year, 50 percent  
7                   loss in yield indemnified at 75 percent  
8                   of the expected market price; and

9                   “(ii) the amount for operating and ad-  
10                  ministrative expenses established under  
11                  paragraph (1)(C).

12               “(3) REDUCTIONS BY PRIVATE PROVIDERS.—If a  
13               private insurance provider determines that the pro-  
14               vider may provide insurance more efficiently than the  
15               expense reimbursement amount set by the Corpora-  
16               tion, the private insurance provider may, with the  
17               approval of the Corporation, reduce the premium  
18               charged the insured by the amount of the efficiency.  
19               A reduction pursuant to the preceding sentence shall  
20               be subject to such rules, limitations, and procedures  
21               as are established by the Corporation.

22               “(4) INDIVIDUAL AND AREA CROP INSURANCE  
23               COVERAGE.—

24               “(A) IN GENERAL.—The Corporation shall  
25               allow an approved insurance provider to offer a

1        *producer a plan of insurance that provides a*  
 2        *level of coverage that is greater than that pro-*  
 3        *vided under catastrophic risk protection at a*  
 4        *premium rate determined by the provider if the*  
 5        *provider agrees to bear (depending on the type of*  
 6        *coverage involved) portions of the underwriting*  
 7        *risk, and operating and administrative expenses,*  
 8        *that result from the additional level of coverage.*

9                *“(B) COMBINED COVERAGES.—To provide*  
 10        *the additional level of coverage to an insured*  
 11        *producer under subparagraph (A), a provider*  
 12        *may combine—*

13                *“(i) individual crop insurance cov-*  
 14        *erage; and*

15                *“(ii) area crop insurance coverage pro-*  
 16        *vided by the Corporation through the pro-*  
 17        *vider to the producer that is based on area*  
 18        *yields in a manner that allows the producer*  
 19        *to qualify for an indemnity if a loss has oc-*  
 20        *curred in a specified area (as defined by the*  
 21        *Corporation) in which the farm of the pro-*  
 22        *ducer is located.*

23                *“(C) INDEMNITY.—If a producer qualifies*  
 24        *for an indemnity under an area crop insurance*

1       *policy described in subparagraph (B)(ii), the*  
2       *Corporation shall provide to—*

3               *“(i) the provider, an amount that is*  
4               *the lesser of—*

5                       *“(I) the indemnity under the in-*  
6                       *dividual crop insurance coverage; or*

7                       *“(II) the indemnity under the*  
8                       *area crop insurance coverage; and*

9               *“(ii) the producer, the remainder of the*  
10               *indemnity.*

11               *“(D) SUBSIDY.—If a provider combines in-*  
12               *dividual crop insurance coverage and area crop*  
13               *insurance coverage under subparagraph (B), the*  
14               *Corporation shall pay a part of the premium*  
15               *equivalent to—*

16                       *“(i) for individual crop insurance cov-*  
17                       *erage, an amount equal to the premium es-*  
18                       *tablished for catastrophic risk protection*  
19                       *coverage; and*

20                       *“(ii) for area crop insurance coverage,*  
21                       *an amount equal to the premium estab-*  
22                       *lished for 50 percent loss in yield indem-*  
23                       *nified at 15 percent of the expected market*  
24                       *price on an individual basis, plus the*  
25                       *amount of operating and administrative ex-*

1            *penses for the area coverage (as established*  
 2            *under paragraph (1)(C)).*

3            *“(E) REINSURANCE AND ADMINISTRA-*  
 4            *TION.—If a provider combines individual crop*  
 5            *insurance coverage and area crop insurance cov-*  
 6            *erage under subparagraph (B), the Corporation*  
 7            *shall—*

8                    *“(i) not provide reinsurance, except*  
 9                    *that the Corporation shall provide reinsur-*  
 10                   *ance on—*

11                            *“(I) the area crop insurance cov-*  
 12                            *erage at the request of the provider;*  
 13                            *and*

14                            *“(II) the catastrophic risk protec-*  
 15                            *tion provided under the individual in-*  
 16                            *surance coverage; and*

17                            *“(ii) reimburse the provider for admin-*  
 18                            *istrative expenses associated with the area*  
 19                            *crop insurance coverage, except that the*  
 20                            *amount of the reimbursement shall be no*  
 21                            *less than reimbursement provided by the*  
 22                            *Corporation for comparable area coverage.”.*

1 **SEC. 105. ELIGIBILITY.**

2 (a) *IN GENERAL.*—Section 508 (7 U.S.C. 1508) (as  
3 amended by section 104) is further amended by inserting  
4 after subsection (d) the following new subsection:

5 “(e) *ELIGIBILITY.*—

6 “(1) *IN GENERAL.*—To participate in cata-  
7 strophic risk protection coverage under this section, a  
8 producer shall submit an application at the local of-  
9 fice of the Department or to an approved insurance  
10 provider.

11 “(2) *SALES CLOSING DATE.*—For coverage under  
12 this title, each producer shall purchase crop insurance  
13 on or before the sales closing date for the crop by pro-  
14 viding the required information and executing the re-  
15 quired documents. Subject to the goal of ensuring ac-  
16 tual soundness for the crop insurance program, the  
17 sales closing date shall be established by the Corpora-  
18 tion to maximize convenience to producers in obtain-  
19 ing benefits under price and production adjustment  
20 programs of the Department. Beginning with the  
21 1995 crop year, the Corporation shall establish, for an  
22 insurance policy for each insurable crop that is plant-  
23 ed in the spring, a sales closing date that is 30 days  
24 earlier than the corresponding sales closing date that  
25 was established for the 1994 crop year.

1           “(3) *RECORDS.*—For coverage under this title,  
 2           each producer shall provide records, acceptable to the  
 3           Corporation, of previous acreage and production or  
 4           accept a yield determined by the Corporation.

5           “(4) *REPORTING.*—For coverage under this title,  
 6           each producer shall report acreage planted and pre-  
 7           vented from planting by the designated acreage re-  
 8           porting date for the crop and location as established  
 9           by the Corporation.”.

10          (b) *PRODUCER ELIGIBILITY.*—Section 520 (7 U.S.C.  
 11          1520) is amended to read as follows:

12          **“SEC. 520. PRODUCER ELIGIBILITY.**

13                “Except as otherwise provided in this title, a producer  
 14          shall not be denied insurance under this title if—

15                   “(1) for purposes of catastrophic risk protection  
 16                  coverage, the producer is a ‘person’ (as defined by the  
 17                  Secretary); and

18                   “(2) for purposes of any other plan of insurance,  
 19                  the producer is 18 years of age and has a bona fide  
 20                  insurable interest in a crop as an owner-operator,  
 21                  landlord, tenant, or sharecropper.”.

22          **SEC. 106. YIELD DETERMINATIONS.**

23                Section 508 (7 U.S.C. 1508) (as amended by section  
 24          105(a)) is further amended by inserting after subsection (e)  
 25          the following new subsection:

1       “(f) *YIELD DETERMINATIONS.*—

2               “(1) *IN GENERAL.*—Subject to paragraph (2), the  
3       Corporation shall implement crop insurance under-  
4       writing rules that ensure that yield coverage is pro-  
5       vided to eligible producers participating in the Fed-  
6       eral crop insurance program.

7               “(2) *YIELD COVERAGE PLANS.*—

8               “(A) *ACTUAL PRODUCTION HISTORY.*—Sub-  
9       ject to subparagraph (B), the yield for a crop  
10      shall be based on the actual production history  
11      for the crop, if the crop was produced on the  
12      farm without penalty during each of the 4 crop  
13      years immediately preceding the crop year for  
14      which actual production history is being estab-  
15      lished, building up to a production data base for  
16      each of the 10 consecutive crop years preceding  
17      the crop year for which actual production his-  
18      tory is being established.

19              “(B) *ASSIGNED YIELD.*—If the producer  
20      does not provide satisfactory evidence of the yield  
21      of a commodity under subparagraph (A), the  
22      producer shall be assigned a yield that is not less  
23      than 65 percent of the transitional yield of the  
24      producer (adjusted to reflect actual production  
25      reflected in the records acceptable to the Corpora-

1        *tion for continuous years), as specified in regula-*  
2        *tions issued by the Corporation based on produc-*  
3        *tion history requirements.*

4                *“(C) AREA YIELD.—The Corporation may*  
5        *offer a crop insurance plan based on an area*  
6        *yield that allows an insured producer to qualify*  
7        *for an indemnity if a loss has occurred in an*  
8        *area (as specified by the Corporation) in which*  
9        *the farm of the producer is located. Under an*  
10       *area yield plan, an insured producer shall be al-*  
11       *lowed to select the level of area production at*  
12       *which an indemnity will be paid consistent with*  
13       *such terms and conditions as are established by*  
14       *the Corporation.*

15               *“(D) COMMODITY-BY-COMMODITY BASIS.—A*  
16       *producer may choose between individual yield or*  
17       *area yield coverage or combined coverage (as*  
18       *provided in subsection (d)(4)), if available, on a*  
19       *commodity-by-commodity basis.*

20               *“(3) NOTICE.—The Corporation shall ensure that*  
21       *producers are given adequate notice of the applicable*  
22       *yield coverage provisions of this section in advance of*  
23       *the crop insurance application period for the crops to*  
24       *which the provisions first will apply.*

1           “(4) *TRANSITIONAL YIELDS FOR PRODUCERS OF*  
2           *FEED OR FORAGE.*—

3           “(A) *IN GENERAL.*—If a producer does not  
4           provide satisfactory evidence of the yield under  
5           paragraph (2)(A), the producer shall be assigned  
6           a yield that is at least 80 percent of the transi-  
7           tional yield established by the Corporation (ad-  
8           justed to reflect the actual production history of  
9           the producer) if the Secretary determines that—

10           “(i) the producer grows feed or forage  
11           primarily for on-farm use in a livestock,  
12           dairy, or poultry operation; and

13           “(ii) over 50 percent of the net farm  
14           income of the producer is derived from the  
15           livestock, dairy, or poultry operation.

16           “(B) *YIELD CALCULATION.*—The Corpora-  
17           tion shall—

18           “(i) for the first year of participation  
19           of a producer, provide the assigned yield  
20           under this paragraph to the producer of feed  
21           or forage; and

22           “(ii) for the second year of participa-  
23           tion of the producer, apply the actual pro-  
24           duction history or assigned yield require-  
25           ment, as provided in this subsection.

1           “(C) *TERMINATION OF AUTHORITY.*—The  
 2           authority provided by this paragraph shall ter-  
 3           minate on the date that is 2 years after the effec-  
 4           tive date of this paragraph.”.

5   **SEC. 107. INSURANCE POLICIES.**

6           Subsection (g) of section 508 (7 U.S.C. 1508) (as redes-  
 7           ignated by section 101(3)) is amended—

8           (1) in paragraph (1), by striking “(a)” and in-  
 9           serting “(c)”;

10          (2) by striking paragraph (2) and inserting the  
 11          following new paragraph:

12           “(2) *PREPARATION OF POLICIES.*—A policy or  
 13          other material submitted to the Corporation under  
 14          this subsection may be prepared without regard to the  
 15          limitations specified in this title, including the re-  
 16          quirements concerning the levels of coverage and rates  
 17          and the requirement that a price level for each com-  
 18          modity insured shall equal the projected market price  
 19          for the commodity as established by the Corporation.  
 20          The policy may be subsidized only at an amount  
 21          equivalent to coverage authorized under this title.”;

22          (3) in paragraph (3)—

23           (A) in the first sentence, by striking “taking  
 24          into consideration the risks covered by the policy  
 25          or other material”; and

1           (B) in the second sentence, by inserting  
 2           “with a private insurance provider” after “rein-  
 3           surance agreement”; and

4           (4) by striking paragraph (4) and inserting the  
 5           following new paragraphs:

6           “(4) *REQUIRED PUBLICATION.*—Any policy, pro-  
 7           vision of a policy, or rate approved under this sub-  
 8           section shall be published as a notice in the Federal  
 9           Register and made available to each person who con-  
 10          tracts with or is reinsured by the Corporation under  
 11          the same terms and conditions as are applicable be-  
 12          tween the Corporation and the submitting person.

13          “(5) *PILOT COST OF PRODUCTION RISK PROTEC-*  
 14          *TION PLAN.*—

15               “(A) *IN GENERAL.*—The Corporation shall  
 16               offer, to the extent practicable, a cost of produc-  
 17               tion risk protection plan of insurance that would  
 18               indemnify producers (including new producers)  
 19               for insurable losses as provided in this para-  
 20               graph.

21               “(B) *PILOT BASIS.*—The cost of production  
 22               risk protection plan shall—

23                       “(i) be established as a pilot project for  
 24                       each of the 1996 and 1997 crop years; and

1           “(ii) be carried out in a number of  
 2           counties that is determined by the Corpora-  
 3           tion to be adequate to provide a comprehen-  
 4           sive evaluation of the feasibility, effective-  
 5           ness, and demand among producers for the  
 6           plan.

7           “(C) *INSURABLE LOSS*.—An insurable loss  
 8           shall be incurred by a producer if the gross in-  
 9           come of the producer (as determined by the Cor-  
 10          poration) is less than an amount determined by  
 11          the Corporation, as a result of a reduction in  
 12          yield or price resulting from an insured cause.

13          “(D) *DEFINITION OF NEW PRODUCER*.—As  
 14          used in this paragraph, the term ‘new producer’  
 15          means a person that has not been actively en-  
 16          gaged in farming for a share of the production  
 17          of the insured crop for more than 2 crop years,  
 18          as determined by the Secretary.

19          “(6) *ADDITIONAL PREVENTED PLANTING POLICY*  
 20          *COVERAGE*.—

21               “(A) *IN GENERAL*.—Beginning with the  
 22               1995 crop year, the Corporation shall offer to  
 23               producers additional prevented planting coverage  
 24               that insures producers against losses in accord-  
 25               ance with this paragraph.

1           “(B) *APPROVED INSURANCE PROVIDERS.*—  
 2           *Additional prevented planting coverage shall be*  
 3           *offered by the Corporation through approved in-*  
 4           *surance providers.*

5           “(C) *TIMING OF LOSS.*—*A crop loss shall be*  
 6           *covered by the additional prevented planting cov-*  
 7           *erage if—*

8                   “(i) *crop insurance policies were ob-*  
 9                   *tained for—*

10                           “(I) *the crop year the loss was ex-*  
 11                           *perienced; and*

12                           “(II) *the crop year immediately*  
 13                           *preceding the year of the prevented*  
 14                           *planting loss; and*

15                           “(ii) *the cause of the loss occurred—*

16                                   “(I) *after the sales closing date for*  
 17                                   *the crop in the crop year immediately*  
 18                                   *preceding the loss; and*

19                                   “(II) *before the sales closing date*  
 20                                   *for the crop in the year in which the*  
 21                                   *loss is experienced.*

22           “(7) *PILOT TRANSITIONAL YIELD PROGRAM FOR*  
 23           *NEW PRODUCERS.*—

24                   “(A) *INCREASED TRANSITIONAL YIELD.*—  
 25           *The Corporation shall offer, to the extent prac-*

1            *licable, a transitional yield program for new*  
 2            *producers to provide 110 percent of the transi-*  
 3            *tional yield established by the Corporation.*

4            *“(B) PILOT BASIS.—The transitional yield*  
 5            *program shall—*

6                    *“(i) be established as a pilot project for*  
 7                    *each of the 1995 and 1996 crop years; and*

8                    *“(ii) be carried out in 30 counties that*  
 9                    *are determined by the Corporation to be*  
 10                   *adequate to provide a comprehensive eval-*  
 11                   *uation of the feasibility, effectiveness, and*  
 12                   *demand among new producers for the plan.*

13            *“(C) DEFINITION OF NEW PRODUCER.—As*  
 14            *used in this paragraph, the term ‘new producer’*  
 15            *means a person that has not been actively en-*  
 16            *gaged in farming for a share of the production*  
 17            *of the insured crop for more than 2 crop years,*  
 18            *as determined by the Secretary.”.*

19    **SEC. 108. CLAIMS FOR LOSSES.**

20            *Subsection (i) of section 508 (7 U.S.C. 1508) (as redes-*  
 21            *ignated by section 101(3)) is amended to read as follows:*

22            *“(i) CLAIMS FOR LOSSES.—*

23                    *“(1) IN GENERAL.—The Corporation may pro-*  
 24                    *vide for adjustment and payment of claims for losses*  
 25                    *as provided under subsection (a) under rules pre-*

scribed by the Corporation. The rules prescribed by the Corporation shall establish standards to ensure that all claims for losses are adjusted, to the extent practicable, in a uniform and timely manner.

“(2) DENIAL OF CLAIMS.—

“(A) IN GENERAL.—Subject to subparagraph (B), if a claim for indemnity is denied by the Corporation or by the private insurance provider, an action on the claim shall only be brought against the Corporation or Secretary or the insurance provider in the United States District Court for the district in which the insured farm is located.

“(B) STATUTE OF LIMITATIONS.—A suit on the claim may be brought not later than 1 year after the date on which written notice of denial of the claim is provided to the claimant.

“(3) INDEMNIFICATION.—The Corporation shall provide insurance companies, agents, and brokers with indemnification, including costs and reasonable attorney fees, from the Corporation for errors or omissions on the part of the Corporation.”.

**SEC. 109. REINSURANCE.**

Section 508 (7 U.S.C. 1508) is amended—

1           (1) by striking subsection (j) (as redesignated by  
2           section 101(3)) and inserting the following new sub-  
3           section:

4           “(j) *REINSURANCE.*—Notwithstanding any other pro-  
5           vision of this title, the Corporation shall, to the maximum  
6           extent practicable, provide reinsurance, on such terms and  
7           conditions as the Corporation determines to be consistent  
8           with subsections (b) and (c) and sound reinsurance prin-  
9           ciples, to insurers (as defined by the Corporation) that in-  
10          sure producers of any agricultural commodity under 1 or  
11          more plans acceptable to the Corporation. Each reinsurance  
12          agreement of the Corporation with a reinsured company  
13          shall require the reinsured company to bear a sufficient  
14          share of any potential loss under the agreement so as to  
15          ensure that the reinsured company will sell and service poli-  
16          cies of insurance in a sound and prudent manner, taking  
17          into consideration the availability of private reinsurance.”;  
18          and

19          (2) in subsection (k) (as so redesignated), by  
20          striking “provide” and inserting “offer plans of”.

21       **SEC. 110. FUNDING.**

22          Section 516 (7 U.S.C. 1516) is amended to read as  
23          follows:

24       **“SEC. 516. FUNDING.**

25          “(a) *AUTHORIZATION OF APPROPRIATIONS.*—

1           “(1) *EXPENSES OF CORPORATION.*—There are  
 2           authorized to be appropriated such sums as are nec-  
 3           essary to cover the salaries and expenses of the Cor-  
 4           poration and the administrative and operating ex-  
 5           penses of the Corporation for the sales commissions of  
 6           agents.

7           “(2) *EXPENSES OF PROVIDERS.*—There are au-  
 8           thorized to be appropriated such sums as are nec-  
 9           essary to cover the administrative and operating ex-  
 10          penses of an approved insurance provider for the de-  
 11          livery of policies with coverage that is greater than  
 12          catastrophic risk protection.

13          “(b) *PAYMENT OF EXPENSES.*—

14               “(1) *ADMINISTRATIVE AND OPERATING EX-*  
 15               *PENSES.*—Beginning with the 1996 crop year, the  
 16               Corporation is authorized to pay, from the insurance  
 17               fund established under subsection (c), the administra-  
 18               tive and operating expenses of an approved insurance  
 19               provider, other than expenses covered under subsection  
 20               (a)(1).

21               “(2) *OTHER EXPENSES.*—The Corporation is au-  
 22               thorized to pay from the insurance fund established  
 23               under subsection (c)—

24                       “(A) all other expenses of the Corporation  
 25                       (other than expenses covered in subsection

1           (a)(1)), including all premium subsidies and in-  
 2           demnities;

3           “(B) for the 1995 crop year, all administra-  
 4           tive and expense reimbursements due under a re-  
 5           insurance agreement with an approved insur-  
 6           ance provider; and

7           “(C) to the extent necessary, expenses in-  
 8           curred by the Corporation to carry out research  
 9           and development.

10          “(c) *INSURANCE FUND.*—

11           “(1) *IN GENERAL.*—There is established an in-  
 12           surance fund for the deposit of premium income, in-  
 13           come from reinsurance operations, and amounts made  
 14           available under subsection (a).

15           “(2) *SOURCE OF FUNDING.*—There are appro-  
 16           priated, without fiscal year limitation, such sums as  
 17           may be necessary to carry out subsection (b) through  
 18           the insurance fund.”.

19   **SEC. 111. ADVISORY COMMITTEE FOR FEDERAL CROP IN-**  
 20           **SURANCE.**

21           The Act is amended by inserting after section 514 (7  
 22   U.S.C. 1514) the following new section:

1 **“SEC. 515. ADVISORY COMMITTEE FOR FEDERAL CROP IN-**  
 2 **SURANCE.**

3 “(a) *ESTABLISHMENT.*—The Secretary may establish  
 4 within the Department a committee to be known as the ‘Ad-  
 5 visory Committee for Federal Crop Insurance’ (referred to  
 6 in this section as the ‘Advisory Committee’), which shall  
 7 remain in existence until September 30, 1998.

8 “(b) *MEMBERSHIP.*—The Advisory Committee shall be  
 9 composed of—

10 “(1) the Manager of the Corporation;

11 “(2) the Secretary or a designee; and

12 “(3) not fewer than 10 representatives of organi-  
 13 zations or agencies involved with the Federal crop in-  
 14 surance program, which may include insurance com-  
 15 panies, insurance agents, farm producer organiza-  
 16 tions, experts on agronomic practices, and banking  
 17 and lending institutions.

18 “(c) *ADMINISTRATIVE PROVISIONS.*—

19 “(1) *TERMS.*—Members of the Advisory Commit-  
 20 tee shall be appointed by the Secretary for a term of  
 21 not more than 2 years from nominations made by the  
 22 participating organizations and agencies referred to  
 23 in subsection (b). The terms of the members shall be  
 24 staggered.

25 “(2) *CHAIRPERSON.*—The Advisory Committee  
 26 shall be chaired by the Manager of the Corporation.

1           “(3) *MEETINGS.*—The Advisory Committee shall  
 2           *meet at least annually. The meetings of the Advisory*  
 3           *Committee shall be publicly announced in advance*  
 4           *and shall be open to the public. Appropriate records*  
 5           *of the activities of the Advisory Committee shall be*  
 6           *kept and made available to the public on request.*

7           “(d) *PRIMARY RESPONSIBILITY.*—The primary re-  
 8           *sponsibility of the Advisory Committee shall be to advise*  
 9           *the Secretary on the implementation of this title and on*  
 10           *other issues related to crop insurance (as determined by the*  
 11           *Manager of the Corporation).*

12           “(e) *REPORTS.*—Not later than June 30 of each year,  
 13           *the Advisory Committee shall prepare, and submit to the*  
 14           *Secretary, a report specifying the conclusions of the Advi-*  
 15           *sory Committee on—*

16           “(1) *the progress toward implementation of this*  
 17           *title;*

18           “(2) *the actuarial soundness of the Federal crop*  
 19           *insurance program; and*

20           “(3) *the rate of participation in the catastrophic*  
 21           *and the additional coverage programs under this*  
 22           *title.”.*

23   **SEC. 112. MANAGEMENT OF CORPORATION.**

24           (a) *IN GENERAL.*—The second sentence of section  
 25   505(a) (7 U.S.C. 1505(a)) is amended—

1           (1) by striking “program, the Under Secretary”  
 2           and inserting “program, 1 additional Under Sec-  
 3           retary”; and

4           (2) by striking “responsible for the farm credit  
 5           programs of the Department of Agriculture” and in-  
 6           serting “, as designated by the Secretary of Agri-  
 7           culture (referred to in this title as the ‘Secretary’)”.

8           (b) *GENERAL POWERS.*—Section 506 (7 U.S.C. 1506)  
 9           is amended—

10           (1) by redesignating subsections (j) through (n)  
 11           as subsections (k) through (o), respectively;

12           (2) by inserting after subsection (i) the following  
 13           new subsection:

14           “(j) *SETTLING CLAIMS.*—The Corporation shall have  
 15           the authority to make final and conclusive settlement and  
 16           adjustment of any claim by or against the Corporation or  
 17           a fiscal officer of the Corporation.”;

18           (3) in subsection (l) (as so redesignated)—

19                   (A) in the first sentence, by inserting “, and  
 20                   issue regulations,” after “agreements”; and

21                   (B) in the second sentence, by striking “con-  
 22                   tracts or agreements” each place it appears and  
 23                   inserting “contracts, agreements, or regulations”;

1           (4) in subsection (n)(1) (as so redesignated), by  
 2           striking subparagraph (B) and inserting the following  
 3           new subparagraph:

4           “(B) disqualify the person from purchasing  
 5           catastrophic risk protection or receiving  
 6           noninsured assistance for a period of not to ex-  
 7           ceed 2 years, or from receiving any other benefit  
 8           under this title for a period of not to exceed 10  
 9           years.”;

10          (5) in subsection (o) (as so redesignated)—

11           (A) by redesignating paragraphs (1)  
 12           through (4) as subparagraphs (A) through (D)  
 13           and aligning the margins of each subparagraph  
 14           with the margins of subparagraph (A) of sub-  
 15           section (n)(1) (as redesignated by paragraph  
 16           (1));

17           (B) by striking “(o) ACTUARIAL SOUND-  
 18           NESS.—The Corporation” and inserting the fol-  
 19           lowing:

20          “(o) ACTUARIAL SOUNDNESS.—

21           “(1) PROJECTED LOSS RATIO AS OF OCTOBER 1,  
 22           1995.—The Corporation”;

23           (C) in subparagraph (A) (as redesignated  
 24           by subparagraph (A)), by striking “from obtain-  
 25           ing adequate Federal crop insurance, as deter-

1        *mined by the Corporation” and inserting “(as*  
 2        *defined by the Secretary) from obtaining Federal*  
 3        *crop insurance”;*

4                *(D) in subparagraph (C) (as so redesign-*  
 5        *ated)—*

6                        *(i) by inserting “, agents, and loss ad-*  
 7        *justers” after “participating producers”;*  
 8        *and*

9                        *(ii) by inserting “, agents, and loss ad-*  
 10        *justers” after “identify insured producers”;*  
 11        *and*

12                *(E) by adding at the end the following new*  
 13        *paragraphs:*

14                *“(2) PROJECTED LOSS RATIO AS OF OCTOBER 1,*  
 15        *1998.—The Corporation shall take such actions, in-*  
 16        *cluding the establishment of adequate premiums, as*  
 17        *are necessary to improve the actuarial soundness of*  
 18        *Federal multiperil crop insurance made available*  
 19        *under this title to achieve, on and after October 1,*  
 20        *1998, an overall projected loss ratio of not greater*  
 21        *than 1.0.*

22                *“(3) NONSTANDARD CLASSIFICATION SYSTEM.—*  
 23        *To the extent that the Corporation uses the non-*  
 24        *standard classification system, the Corporation shall*

1       *apply the system to all insured producers in a fair*  
 2       *and consistent manner.”; and*

3               *(6) by adding at the end the following new sub-*  
 4       *sections:*

5       “(p) *LOSS RATIO DEFINED.*—*As used in this Act, the*  
 6       *term ‘loss ratio’ means the ratio of all sums paid by the*  
 7       *Corporation as indemnities under any eligible crop insur-*  
 8       *ance policy to that portion of the premium designated for*  
 9       *anticipated losses and a reasonable reserve, other than that*  
 10       *portion of the premium designated for operating and ad-*  
 11       *ministrative expenses.*

12       “(q) *REGULATIONS.*—*The Secretary and the Corpora-*  
 13       *tion are each authorized to issue such regulations as are*  
 14       *necessary to carry out this title.”.*

15       (c) *PERSONNEL.*—*Section 507 (7 U.S.C. 1507) is*  
 16       *amended—*

17               *(1) in subsection (a), by striking “, and county*  
 18       *crop insurance committeemen”;*

19               *(2) in subsection (c), by striking “, in which case*  
 20       *the agent or broker” and all that follows through “the*  
 21       *agent or broker has caused the error or omission”;*  
 22       *and*

23               *(3) in subsection (d), by striking “of this Act,”*  
 24       *and all that follows through “agency”.*

1       (d) *INFORMATION COLLECTION ON CROP INSUR-*  
 2 *ANCE.—Subsection (n) of section 508 (7 U.S.C. 1508) (as*  
 3 *redesignated by section 101(3)) is amended to read as fol-*  
 4 *lows:*

5       “(n) *INFORMATION COLLECTION ON CROP INSUR-*  
 6 *ANCE.—The Secretary shall make available to producers*  
 7 *through local offices of the Department—*

8               “(1) *current and complete information on all as-*  
 9 *pects of Federal crop insurance; and*

10              “(2) *a listing of insurance agents.”.*

11       (e) *CROP INSURANCE YIELD COVERAGE.—Section*  
 12 *508A (7 U.S.C. 1508a) is repealed.*

13       (f) *PREEMPTION.—Section 511 (7 U.S.C. 1511) is*  
 14 *amended by inserting after “The Corporation, including”*  
 15 *the following: “the contracts of insurance of the Corporation*  
 16 *and premiums on the contracts, whether insured directly*  
 17 *or reinsured by the Corporation,”.*

18       (g) *FALSE STATEMENTS.—Section 1014 of title 18,*  
 19 *United States Code, is amended by inserting “or a company*  
 20 *the Corporation reinsures” after “Federal Crop Insurance*  
 21 *Corporation”.*

1                   **TITLE II—NONINSURED**  
 2                   **ASSISTANCE PROGRAM**

3   **SEC. 201. NONINSURED ASSISTANCE PROGRAM.**

4           *The Act (7 U.S.C. 1501 et seq.) is amended by adding*  
 5   *at the end the following new section:*

6   **“SEC. 521. NONINSURED ASSISTANCE PROGRAM.**

7           “(a) *ELIGIBILITY.*—

8                   “(1) *IN GENERAL.*—*The Corporation shall estab-*  
 9           *lish a noninsured assistance program to provide cov-*  
 10          *erage equivalent to the catastrophic risk protection in-*  
 11          *surance described in section 508(b) for crops for*  
 12          *which catastrophic risk protection insurance is not*  
 13          *available. Crops covered shall include all commercial*  
 14          *crops and commodities for which catastrophic risk*  
 15          *protection coverage is not available and that are pro-*  
 16          *duced for food, fiber, or an industrial crop on a com-*  
 17          *mercial basis but shall not include livestock.*  
 18          *Noninsured assistance shall not cover losses due to—*

19                   “(A) *the neglect or malfeasance of the pro-*  
 20                  *ducer;*

21                   “(B) *the failure of the producer to reseed to*  
 22                  *the same crop in such areas and under such cir-*  
 23                  *cumstances as it is customary to so reseed; or*

1           “(C) the failure of the producer to follow  
2           good farming practices (as determined by the  
3           Secretary).

4           “(2) APPLICATIONS.—To be eligible for assist-  
5           ance under this section, a producer shall make a  
6           timely application, as required by the Corporation,  
7           for noninsured assistance at the local office of the De-  
8           partment.

9           “(3) RECORDS.—A producer shall annually pro-  
10          vide records, as required by the Corporation, of pre-  
11          vious crop acreage and yields, or the producer shall  
12          accept a yield under subsection (c)(2)(B) determined  
13          by the Corporation.

14          “(4) ACREAGE REPORTS.—A producer shall pro-  
15          vide reports on acreage planted or prevented from  
16          being planted, as required by the Corporation, by the  
17          designated acreage reporting date for the crop and lo-  
18          cation as established by the Corporation.

19          “(5) AREA YIELD LOSSES.—

20                 “(A) AREA AVERAGE YIELD.—A producer of  
21                 a noninsurable crop shall not be eligible for  
22                 noninsured assistance unless the area (as deter-  
23                 mined by the Corporation) average yield, or an  
24                 equivalent measure if yield data are not avail-  
25                 able, for the crop is less than 65 percent of the

1        *expected area yield established by the Corpora-*  
 2        *tion.*

3                “(B) *PREVENTED PLANTING PAYMENTS.*—  
 4        *Subject to subparagraph (A), the Corporation*  
 5        *shall make a prevented planting noninsured as-*  
 6        *sistance payment to a producer if the producer*  
 7        *is prevented from planting more than 35 percent*  
 8        *of the acreage intended for the crop because of*  
 9        *drought, flood, or other natural disaster (as de-*  
 10        *termined by the Secretary).*

11               “(C) *REDUCED YIELD PAYMENTS.*—*Subject*  
 12        *to subparagraph (A), if, because of drought,*  
 13        *flood, or other natural disaster (as determined by*  
 14        *the Secretary), the total quantity of the crop that*  
 15        *a producer is able to harvest on any farm is less*  
 16        *than 50 percent of the expected area yield for the*  
 17        *crop (as determined by the Corporation) factored*  
 18        *for the interest of the producer for the crop, the*  
 19        *Corporation shall make a reduced yield*  
 20        *noninsured assistance payment.*

21               “(b) *PAYMENT.*—*The Corporation shall make available*  
 22        *to a producer eligible for noninsured assistance under this*  
 23        *section a payment computed by multiplying—*

24               “(1) *the quantity that is less than 50 percent of*  
 25        *the established yield for the crop; by*

1           “(2) 60 percent of the average market price for  
2           the crop (or any comparable coverage determined by  
3           the Corporation); by

4           “(3) a payment rate for the type of crop (as de-  
5           termined by the Corporation) that—

6                   “(A) in the case of a crop that is produced  
7                   with a significant and variable harvesting ex-  
8                   pense, a payment rate that reflects the decreasing  
9                   cost incurred in the production cycle for the crop  
10                  that is—

11                           “(i) harvested;

12                           “(ii) planted but not harvested; and

13                           “(iii) prevented from being planted be-  
14                          cause of drought, flood, or other natural dis-  
15                          aster (as determined by the Secretary); and

16                   “(B) in the case of a crop that is not pro-  
17                   duced with a significant and variable harvesting  
18                   expense, a payment rate determined by the Cor-  
19                   poration.

20           “(c) YIELDS.—

21                   “(1) IN GENERAL.—The Corporation shall estab-  
22                   lish noninsured assistance program farm yields for  
23                   crops for the purposes of this section.

24                   “(2) ACTUAL PRODUCTION HISTORY.—

1           “(A) *IN GENERAL.*—Subject to subpara-  
 2           graph (B), the yield for a crop shall be based on  
 3           the actual production history for the crop, if the  
 4           crop was produced on the farm without penalty  
 5           during each of the 4 crop years immediately pre-  
 6           ceding the crop year for which actual production  
 7           history is being established, building up to a  
 8           production data base of the 10 crop years imme-  
 9           diately preceding the crop year for which pro-  
 10          duction history is being established.

11          “(B) *ASSIGNED YIELD.*—

12           “(i) *IN GENERAL.*—If the producer  
 13           does not provide sufficient evidence of the  
 14           yield (as required by the Corporation) of a  
 15           commodity under subparagraph (A), the  
 16           producer shall be assigned a yield that is  
 17           not less than 65 percent of the transitional  
 18           yield of the producer (adjusted to reflect ac-  
 19           tual production reflected in the records ac-  
 20           ceptable to the Corporation for continuous  
 21           years), as specified in regulations issued by  
 22           the Corporation based on production history  
 23           requirements.

24           “(ii) *LIMITATION.*—A producer who re-  
 25           ceives an assigned yield for the current year

1           *of a natural disaster because required pro-*  
2           *duction records were not submitted to the*  
3           *local office of the Department shall not be*  
4           *eligible for an assigned yield for the year of*  
5           *the next natural disaster unless the required*  
6           *production records of the previous 1 or more*  
7           *years (as applicable) are provided to the*  
8           *local office.*

9           “(C) *YIELD VARIATIONS DUE TO DIFFERENT*  
10          *FARMING PRACTICES.—The Corporation shall*  
11          *make noninsured payments that accurately re-*  
12          *flect significant yield variations due to different*  
13          *farming practices, such as between irrigated and*  
14          *nonirrigated acreage.*

15          “(d) *INCREASED CROP PLANTINGS.—*

16               “(1) *IN GENERAL.—If the acreage of a crop in*  
17          *a county has increased by more than 100 percent*  
18          *since the 1987 crop year, to become eligible for a*  
19          *noninsured assistance payment, a producer must pro-*  
20          *vide detailed documentation of production costs, acres*  
21          *planted, and yield, as required by the Corporation.*  
22          *Except as provided in paragraph (2), a producer who*  
23          *produces a crop on a farm located in a county de-*  
24          *scribed in the preceding sentence may not obtain an*  
25          *assigned yield.*

1           “(2) *EXCEPTION.*—A crop or a producer shall  
2           not be subject to this subsection if—

3                   “(A) the planted acreage of the producer for  
4           the crop has been inspected by a third party ac-  
5           ceptable to the Secretary; or

6                   “(B)(i) the County Executive Director, the  
7           District Director, and the State Executive Direc-  
8           tor recommend an exemption from the require-  
9           ment to the Deputy Administrator for State and  
10          County Operations of the Agricultural Stabiliza-  
11          tion and Conservation Service; and

12                  “(ii) the Deputy Administrator approves  
13          the recommendation.

14          “(e) *CONTRACT PAYMENTS.*—A producer who has re-  
15          ceived a guaranteed payment for production, as opposed to  
16          delivery, of a crop pursuant to a contract shall have the  
17          production of the producer adjusted upward by the amount  
18          of the production equal to the amount of the contract pay-  
19          ment received.

20          “(f) *PAYMENT OF LOSSES.*—Payments for noninsured  
21          assistance losses under this section shall be made from the  
22          insurance fund established under section 516(b). The losses  
23          shall not be included in calculating the premiums charged  
24          to producers for insurance.”.

1 **SEC. 202. PAYMENT AND INCOME LIMITATIONS.**

2 *Section 521 (as added by section 201) is further*  
 3 *amended by adding at the end the following new subsection:*

4 *“(g) PAYMENT AND INCOME LIMITATIONS.—*

5 *“(1) DEFINITIONS.—As used in this subsection:*

6 *“(A) PERSON.—The term ‘person’ has the*  
 7 *meaning provided the term in regulations issued*  
 8 *by the Secretary. The regulations shall conform,*  
 9 *to the extent practicable, to the regulations defin-*  
 10 *ing the term ‘person’ issued under section 1001*  
 11 *of the Food Security Act of 1985 (7 U.S.C.*  
 12 *1308).*

13 *“(B) QUALIFYING GROSS REVENUES.—The*  
 14 *term ‘qualifying gross revenues’ means—*

15 *“(i) if a majority of the gross revenue*  
 16 *of the person is received from farming,*  
 17 *ranching, and forestry operations, the gross*  
 18 *revenue from the farming, ranching, and*  
 19 *forestry operations of the person; and*

20 *“(ii) if less than a majority of the*  
 21 *gross revenue of the person is received from*  
 22 *farming, ranching, and forestry operations,*  
 23 *the gross revenue of the person from all*  
 24 *sources.*

1           “(2) *PAYMENT LIMITATION.*—The total amount  
2           of payments that a person shall be entitled to receive  
3           annually under this title may not exceed \$100,000.

4           “(3) *NO DOUBLE BENEFITS.*—No person may re-  
5           ceive a noninsured assistance payment under this  
6           title and emergency livestock feed assistance under  
7           section 606 of the Agricultural Act of 1949 (7 U.S.C.  
8           1471d) for the same livestock feed or forage loss.

9           “(4) *INCOME LIMITATION.*—A person who has  
10          qualifying gross revenues in excess of the amount  
11          specified in section 2266(a) of the Food, Agriculture,  
12          Conservation, and Trade Act of 1990 (7 U.S.C. 1421  
13          note) (as in effect on November 28, 1990) during the  
14          taxable year (as determined by the Secretary) shall  
15          not be eligible to receive any noninsured assistance  
16          payment under this section.

17          “(5) *REGULATIONS.*—The Secretary shall issue  
18          regulations prescribing such rules as the Secretary de-  
19          termines necessary to ensure a fair and equitable ap-  
20          plication of section 1001 of the Food Security Act of  
21          1985 (7 U.S.C. 1308), the general payment limitation  
22          regulations of the Secretary, and the limitations es-  
23          tablished under this subsection.”.

1       ***TITLE III—MISCELLANEOUS***

2       ***SEC. 301. INELIGIBILITY FOR CATASTROPHIC RISK AND***  
 3               ***NONINSURED ASSISTANCE PAYMENTS.***

4           *The Act (7 U.S.C. 1501 et seq.) (as amended by section*  
 5 *201) is further amended by adding at the end the following*  
 6 *new section:*

7       ***“SEC. 522. INELIGIBILITY FOR CATASTROPHIC RISK AND***  
 8               ***NONINSURED ASSISTANCE PAYMENTS.***

9           *“If the Secretary determines that a person has know-*  
 10 *ingly adopted a material scheme or device to obtain cata-*  
 11 *strophic risk, additional coverage, or noninsured assistance*  
 12 *benefits under this Act to which the person is not entitled,*  
 13 *has evaded this Act, or has acted with the purposes of evad-*  
 14 *ing this Act, the person shall be ineligible to receive all bene-*  
 15 *fits applicable to the crop year for which the scheme or de-*  
 16 *vice was adopted. The authority provided by this section*  
 17 *shall be in addition to, and shall not supplant, the author-*  
 18 *ity provided by section 506(m).”.*

19       ***SEC. 302. PREVENTED PLANTING.***

20           *(a) IN GENERAL.—Effective for the 1994 crop year,*  
 21 *a producer described in subsection (b) shall receive com-*  
 22 *pensation under the prevented planting coverage policy pro-*  
 23 *vision described in subsection (b)(1) by—*

24               *(1) obtaining from the Secretary of Agriculture*  
 25               *the applicable amount that is payable under the con-*

1        *servation use program described in subsection (b)(4);*  
2        *and*

3                *(2) obtaining from the Federal Crop Insurance*  
4        *Corporation the amount that is equal to the difference*  
5        *between—*

6                *(A) the amount that is payable under the*  
7        *conservation use program; and*

8                *(B) the amount that is payable under the*  
9        *prevented planting coverage policy.*

10        *(b) ELIGIBLE PRODUCERS.—Subsection (a) shall*  
11        *apply to a producer who—*

12                *(1) purchased a prevented planting policy for the*  
13        *1994 crop year from the Federal Crop Insurance Cor-*  
14        *poration prior to the spring sales closing date for the*  
15        *1994 crop year;*

16                *(2) is unable to plant a crop due to major, wide-*  
17        *spread flooding in the Midwest, or excessive ground*  
18        *moisture, that occurred prior to the spring sales clos-*  
19        *ing date for the 1994 crop year;*

20                *(3) had a reasonable expectation of planting a*  
21        *crop on the prevented planting acreage for the 1994*  
22        *crop year; and*

23                *(4) participates in a conservation use program*  
24        *established for the 1994 crop of wheat, feed grains,*  
25        *upland cotton, or rice established under section*

1      107B(c)(1)(E), 105B(c)(1)(E), 103B(c)(1)(D), or  
 2      101B(c)(1)(D), respectively, of the Agricultural Act of  
 3      1949 (7 U.S.C. 1445b–3a(c)(1)(E), 1444f(c)(1)(E),  
 4      1444–2(c)(1)(D), or 1441–2(c)(1)(D)).

5      (c) *OILSEED PREVENTED PLANTING PAYMENTS.*—

6            (1) *IN GENERAL.*—Effective for the 1994 crop  
 7      year, a producer of a crop of oilseeds (as defined in  
 8      section 205(a) of the Agricultural Act of 1949 (7  
 9      U.S.C. 1446f(a)) shall receive a prevented planting  
 10     payment for the crop if the requirements of para-  
 11     graphs (1), (2), and (3) of subsection (b) are satisfied.

12           (2) *SOURCE OF PAYMENT.*—The total amount of  
 13     payments required under this subsection shall be  
 14     made by the Federal Crop Insurance Corporation.

15           (d) *PAYMENT.*—A payment under this section may not  
 16     be made before October 1, 1994.

17     **SEC. 303. CONFORMING AMENDMENTS.**

18           (a) *PRICE SUPPORT PROGRAMS.*—

19           (1) *IN GENERAL.*—Title IV of the Agricultural  
 20     Act of 1949 (7 U.S.C. 1421 et seq.) is amended by  
 21     adding at the end the following new section:

22     **“SEC. 427. CROP INSURANCE REQUIREMENT.**

23           “As a condition of receiving any benefit (including  
 24     payments) under title I or II for each of the 1995 and subse-  
 25     quent crops of tobacco, rice, extra long staple cotton, upland

1 *cotton, feed grains, wheat, peanuts, oilseeds, and sugar and*  
 2 *for each of the 1995 and subsequent calendar years with*  
 3 *respect to milk, a producer must obtain at least catastrophic*  
 4 *risk protection insurance coverage under section 508 of the*  
 5 *Federal Crop Insurance Act (7 U.S.C. 1508) for the crop*  
 6 *and crop year for which the benefit is sought, if the coverage*  
 7 *is offered by the Corporation.”.*

8           (2) *RICE.*—Section 101B(c) of such Act (7  
 9 U.S.C. 1441–2(c)) is amended—

10                   (A) in paragraph (1), by striking subpara-  
 11 graph (F); and

12                   (B) by striking paragraph (2) and inserting  
 13 the following new paragraph:

14           “(2) *CROP INSURANCE REQUIREMENT.*—A pro-  
 15 ducer shall obtain catastrophic risk protection insur-  
 16 ance coverage in accordance with section 427.”.

17           (3) *UPLAND COTTON.*—Section 103B(c) of such  
 18 Act (7 U.S.C. 1444–2(c)) is amended—

19                   (A) in paragraph (1), by striking subpara-  
 20 graph (F); and

21                   (B) by striking paragraph (2) and inserting  
 22 the following new paragraph:

23           “(2) *CROP INSURANCE REQUIREMENT.*—A pro-  
 24 ducer shall obtain catastrophic risk protection insur-  
 25 ance coverage in accordance with section 427.”.

1           (4) *FEED GRAINS*.—Section 105B(c) of such Act  
2           (7 U.S.C. 1444f(c)) is amended—

3                   (A) in paragraph (1), by striking subpara-  
4                   graph (G); and

5                   (B) by striking paragraph (2) and inserting  
6                   the following new paragraph:

7                   “(2) *CROP INSURANCE REQUIREMENT*.—A pro-  
8                   ducer shall obtain catastrophic risk protection insur-  
9                   ance coverage in accordance with section 427.”.

10           (5) *WHEAT*.—Section 107B(c) of such Act (7  
11           U.S.C. 1445b–3a(c)) is amended—

12                   (A) in paragraph (1), by striking subpara-  
13                   graph (G); and

14                   (B) by striking paragraph (2) and inserting  
15                   the following new paragraph:

16                   “(2) *CROP INSURANCE REQUIREMENT*.—A pro-  
17                   ducer shall obtain catastrophic risk protection insur-  
18                   ance coverage in accordance with section 427.”.

19           (6) *DISASTER PAYMENTS*.—Section 208 of such  
20           Act (7 U.S.C. 1446i) is repealed.

21           (b) *FARMERS HOME ADMINISTRATION PROGRAMS*.—  
22           The Consolidated Farm and Rural Development Act (7  
23           U.S.C. 1921 et seq.) is amended by adding at the end the  
24           following new section:

1 ***“SEC. 371. CROP INSURANCE REQUIREMENT.***

2       “(a) *IN GENERAL.*—As a condition of obtaining any  
3 benefit (including a direct loan, loan guarantee, or pay-  
4 ment) described in subsection (b), a borrower must obtain  
5 at least catastrophic risk protection insurance coverage  
6 under section 508 of the Federal Crop Insurance Act (7  
7 U.S.C. 1508) for the crop and crop year for which the bene-  
8 fit is sought, if the coverage is offered by the Corporation.

9       “(b) *APPLICABLE BENEFITS.*—Subsection (a) shall  
10 apply to—

11               “(1) a farm ownership loan (FO) under section  
12 303;

13               “(2) an operating loan (OL) under section 312;  
14 and

15               “(3) an emergency loan (EM) under section  
16 321.”.

17       “(c) *DISASTER ASSISTANCE.*—Subtitle B of title XXII  
18 of the Food, Agriculture, Conservation, and Trade Act of  
19 1990 (7 U.S.C. 1421 note) is amended by striking chapter  
20 3.

21       “(d) *TECHNICAL AMENDMENTS.*—

22               “(1) The first sentence of section 506(d) (7 U.S.C.  
23 1506(d)) is amended by striking “508(f)” and insert-  
24 ing “508(i)”.

1           (2) *The last sentence of section 507(c) (7 U.S.C.*  
 2           *1507(c)) is amended by striking “508(b)” and insert-*  
 3           *ing “508(g)”.*

4           (3) *Section 518 (7 U.S.C. 1518) is amended by*  
 5           *striking “(k)” and inserting “(m)”.*

6   **SEC. 304. EFFECTIVE DATES.**

7           (a) *IN GENERAL.—Except as otherwise provided in*  
 8           *this Act, this Act and the amendments made by this Act*  
 9           *shall become effective beginning with—*

10           (1) *if this Act is enacted before August 1, 1994,*  
 11           *the 1995 crop year for the applicable agricultural*  
 12           *commodity; or*

13           (2) *if this Act is enacted on or after August 1,*  
 14           *1994, the 1996 crop year for the applicable agricul-*  
 15           *tural commodity.*

16           (b) *EXCEPTIONS.—Sections 1, 101(1), 112(e), 112(f),*  
 17           *and 302, the amendments made by such sections, and this*  
 18           *section shall become effective on the date of enactment of*  
 19           *this Act.*

20   **SEC. 305. TERMINATION OF AUTHORITY.**

21           *The authority provided by this Act and the amend-*  
 22           *ments made by this Act shall terminate on September 30,*  
 23           *2000.*

S 2095 RS——2

S 2095 RS——3

S 2095 RS——4

S 2095 RS——5

S 2095 RS——6

S 2095 RS——7